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HN 316Z

Modern Illustrative Bookkeeping

COMPLETE COURSE

LYNN BUSINESS COLLEGE,

LYNN, MASS.

Obedience permits the use of
this book to Sister M. Edwina

No. 5a.

SELLING PRICE LIST. No. 3.

Apples	per barrel,	$1.85
Barley	" bushel,	36
Corn	" "	45
Flour	" barrel,	4.40
Oats	" bushel,	37
Potatoes	" "	36

Name

No. 2a. 705.

Price List, May and June.

Japan	lb.	60	25	N. S. Flour,	brl.	4	16
Oolong,	"	50	73	Searchlight,	"	4	52
Ceylon,	"	50	45	Pawnee,	"	4	34
Y. Hyson,	"	70	50	Graham,	case	2	86
Eng. Breakfast	"	60	32	H. O.,	"	3	24
Mocha,	"	150	26½	Quaker R. O.,	"	3	50
Java,	"	75	29	Sugar,	lb.	300	05 7/8
Maracaibo	"	125	17	Rice,	"	150	06 1/8
Rio,	"	125	14	Corn,	doz.		87
Pepper,	"	B10 P25	31	Tomatoes,	"	1	18
Cinnamon,	"	B10 P15	37	Beans,	"		83
Cloves,	"	B10 P25	19	I. Soap,	box.	7	25
Nutmegs,	"		68				
Ginger,	"	B10 P25	45				

WILLIAMS & ROGERS SERIES

MODERN ILLUSTRATIVE BOOKKEEPING

DESIGNED AS A TEXT-BOOK FOR

ALL SCHOOLS GIVING A COURSE IN BUSINESS TRAINING

COMPLETE COURSE

BY

E. VIRGIL NEAL

AUTHOR OF MODERN BANKING AND BANK ACCOUNTING

AND

C. T. CRAGIN

SCRIPT ILLUSTRATIONS BY

E. C. MILLS

NEW YORK .:. CINCINNATI .:. CHICAGO

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MOD. ILL. BKPG. COMPLETE

W. P. 4

INTRODUCTORY.

This book is designed to teach bookkeeping as it is practiced by the best business houses. We have no apology to offer for the innovations in methods, or the deviation from the school forms of balance sheets, statements, loss and gain accounts, etc. We believe the time has arrived when all progressive teachers will welcome practical business methods, even though they supplant long cherished school forms and practices.

In the compilation of this work we beg to acknowledge the courtesies and assistance extended us by Lord & Taylor, New York; John Wanamaker, New York and Philadelphia; Park & Tilford, New York; Baldwin Locomotive Works, Philadelphia; Gimbel Brothers, Philadelphia; Comptroller of Currency, Washington, D. C.; Assistant Secretary of the United States Treasury, New York, and of over a hundred other leading business houses and banks which have cheerfully permitted us to examine their books and whose head bookkeepers have furnished much valuable information.

TO THE STUDENT.

Accuracy is the first essential of business; without it you cannot hope to hold a paying position in the commercial world. Accuracy can be acquired only by painstaking, thoughtful work on your part from the start. Read carefully all instructions, and do just as you are told to do.

Do not make mistakes in simple mathematical operations. Errors in addition, subtraction and multiplication are inexcusable, and will not be tolerated in business. *Verify all additions and multiplications. Know* you are right before you go ahead.

Neatness and Legibility. A neat, legible style of handwriting which can be executed at a fair rate of speed, and absolute legibility in figures, are necessities in the modern office.

The acquirement of these attainments will necessitate constant practice on the part of most students. The script illustrations in the book are excellent models to follow. Do not allow yourself to do careless and slovenly work either in writing or in making figures.

Details. Inability to estimate the importance of a thorough mastery of details is the cause of more failures in life than all other causes combined. Learn to pay attention to the little things. Follow your instructions implicitly; do not be content with doing a thing nearly right, but do it exactly right. Remember, "Perfection is made up of trifles, but perfection itself is no trifle." The successful business man must master multitudinous detail.

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MODERN ILLUSTRATIVE BOOKKEEPING.

Bookkeeping is the art, method, or practice of recording business transactions. There are two methods, termed Single Entry and Double Entry.

Object of Bookkeeping.—The object of bookkeeping is to enable the proprietor at any time to determine whether his business is being conducted at a profit or a loss, the sources from which the profits or losses arise, and to afford a record of all debts due and all property belonging to the business and a record of all debts due by the business.

Single Entry Bookkeeping usually provides for keeping accounts with persons only.

Double Entry Bookkeeping provides for keeping accounts with persons, property, expenses and allowances.

Books Required. The books required depend upon the nature of the business, but a complete record of any business may be kept in two books—the Journal-Daybook and the Ledger.

The Journal-Daybook. This book contains a record of each transaction as it takes place, and also the names of the accounts affected by the transaction, showing which accounts are debited and which are credited.

The Ledger. This book contains the names of all accounts occurring in the journal, with all debits from the journal carried to the debit or left-hand side of the ledger accounts, and all credits to the credit or right-hand side, so that a ledger account will show upon its face all transactions by which that account has been affected in the course of the business as recorded in the journal-daybook.

Auxiliary Books.—Every business will keep such auxiliary books of record as the nature of the transactions may require.

WORK FOR THE STUDENT.

No. 1.—Take a sheet of journal paper and carefully copy the model journal shown on pages 6 and 7, following carefully the script forms of both letters and figures.

No. 2.—Take a sheet of ledger paper and carefully copy the model ledger shown on pages 8 and 9, writing four accounts on a page. Be careful to make plain, neat figures. Make the ledger headings larger than ordinary writing, and see that each heading is written in the center of the page, so that the double lines which divide the page into two equal parts will come exactly, or nearly, in the middle of the heading.

Do your very best work both in the journal and ledger exercises, for they will not be accepted unless the writing is legible and neat, and the figures plain.

Present your work to your teacher for examination and approval.

January 1, 190-

1	Cash	A. H. Harper has	3000	
1	A. H. Harper	commenced the		3000
		Flour and Grain		
		business, investing		
		cash $3000.00		
		2		
1	Expense	Paid rent of store	75	
1	Cash	for month of Jan.		75
		3		
1	Mdse.	Bot. of A. H. Roe & Co.	780	
1	Cash	for cash		780
		200 brls. Flour 3.90		
		4		
1	Cash	Sold W. D. Leach	450	
1	Mdse.	for cash		450
		100 brls. Flour 4.50		
		5		
2	J. B. Allen	Sold on account	225	
1	Mdse.	50 brls. Flour 4.50		225
		6		
1	A. H. Harper	Drew for private	50	
1	Cash	use		50
		8		
1	Mdse.	Bot. on acct. 30 ds.	198	
2	J. Grant & Co.	600 bu. Oats 33¢		198
		9		
2	Bills Rec.	Sold A. B. Frye on	338	
1	Mdse.	his note at 20 ds.		338
		50 brls. Flour 4.60		
		300 bu. Oats 36¢		

January 11, 190-

1	Mdse.	Bot. of Garland & Co.		571			
2	Bills Pay.	on my note at 45 ds.				571	
		100 brls. Flour	4.00				
		300 bu. Rye	57¢				
		13					
1	Cash	Recd. on acct.		100			
2	J. B. Allen					100	
		15					
2	J. Grant & Co.	Paid inv. of 8th		198			
1	Cash					198	
		20					
1	Mdse.	Bot. of B. W. Keene		820			
2	Bills Pay.	on my note at 2 ms.				820	
		200 brls. Flour	4.10				
		25					
2	J. B. Allen	Sold on acct. 10 ds.		237	50		
1	Mdse.	50 brls. Flour	4.75			237	50
		31					
1	Expense	Salaries to date		60			
1	Cash					60	

February 1, 190-

1	Cash	A. B. Fryes note		338			
2	Bills Rec.	of Jan. 9				338	
		5					
1	Cash	Sold N. Dennes		357	50		
1	Mdse	for cash				357	50
		50 brls. Flour	4.75				
		200 bu. Rye	60¢				

A. H. Harper

190-						190-				
Jan.	5		1	50		Jan.	1		1	3000

Cash

190-						190-				
Jan.	1		1	3000		Jan.	2		1	75
	4	3550 1163 2387	1	450			3		1	780
	13		2	1500			6		1	50
Feb.	1		2	338			15		1	198
	5		2	357	50		31		1	60
						Feb.	26		2	75
							27		2	571

Merchandise

190-						190-				
Jan.	3		1	780		Jan.	4		1	450
	8	2369. 1250.50 1118.50	1	198			5		1	225
	11		2	571			9		1	338
	20		2	8209			25		2	2370 50
Feb.	12		2	275		Feb.	5		2	357 50
							20		2	158 50

Expense

190-										
Jan.	2		1	75						
	31		2	60						
Feb.	26		2	75						

Bills Receivable

190-					190-				
Jan.	9		1	338	Feb.	1		2	338
Feb.	20		2	158 50					

Bills Payable

190-					190-				
Feb.	27		2	571	Jan.	11		2	571
						20		2	520

J. B. Allen

190-					190-				
Jan.	5		1	225	Jan.	13			100
	25		2	237 50					

J. Grant & Co.

190-					190-				
Jan.	15		2	198	Jan.	8		1	198
					Feb.	12		2	275

WORK FOR THE STUDENT.

GENERAL RULES FOR DEBITING AND CREDITING.

Rule 1.—*DEBIT what the business receives, or what costs value.*

Rule 2.—*CREDIT what the business disposes of, or what produces value.*

TO BE ENTERED IN THE JOURNAL-DAYBOOK.

Make the entries required by the following transactions similar in form to those shown in model journal-daybook on pages 6 and 7.

No. 1.—JANUARY 1, 190–. I (your name) engage in the Flour and Grain business, investing cash, $4000.

INSTRUCTIONS.—Whatever the business receives, or what comes into the business, should be debited; that is, it should be entered on the left-hand side of your journal-daybook. In this instance the business has received cash to the amount of $4000, hence *Cash* should be debited.

Whatever the business disposes of, or whatever produces value to the business, should be credited; that is, it should be entered on the right-hand side of your journal-daybook. In this instance the proprietor has produced, or given, value to the business to the amount of $4000 by making an investment, hence the *Proprietor* should be credited.

The following illustrates the form of the entry, though the amounts and explanation are different:

January 1, 190–

Cash	Commenced the	3500		
F. W. Leonard	Flour and Grain			3500
	business, investing			
	cash.			

Make an entry in your journal-daybook according to the above form. Write your name instead of that of F. W. Leonard, and place *$4000* opposite Cash, and *$4000* opposite your name, instead of the amounts shown in model. The amount placed in the left-hand column of your journal-daybook should be the same as that placed in the right-hand column; in other words, your debits and credits should always be equal.

The name of the account debited is placed near the vertical lines at the left, and the amount placed in the left-hand money column.

The name of the account credited is written one line below the debit, and about three-fourths of an inch farther to the right. The credit amount is placed in the right-hand money column.

Rule 3.—*Debit CASH for all cash received.*

The term "cash" includes specie (gold, silver, nickel and bronze), treasury notes, national bank notes, gold and silver certificates, checks, post-office money orders, express money orders, bank drafts, and certificates of deposit.

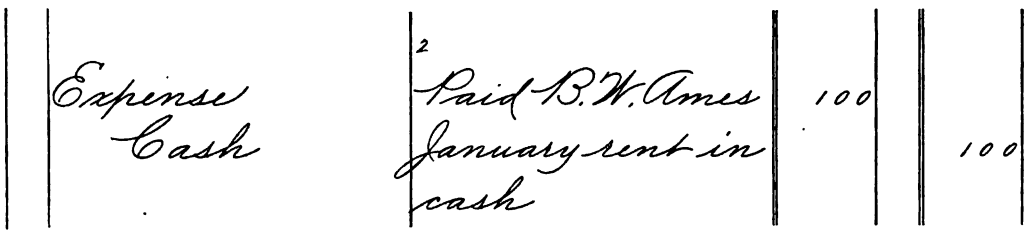
Rule 4.—*Credit the* PROPRIETOR *with all amounts which he invests in the business.*

No. 2.—JANUARY 2, 190–. Paid J. C. Smith $75 for one month's rent of store.

INSTRUCTIONS.—Whatever costs the business value should be debited. In this instance you have paid $75 rent for the benefit of the business. Rent has cost the business value. It is an expense to the business, hence *Expense* should be debited.

Cash has been disposed of. It has produced value to the business; that is, it has been used by you to pay the rent of your store, hence *Cash* should be credited.

The following illustrates the form of your entry, though the amounts and explanation are different.



Before attempting to make the above entry, examine the model journal-daybook on page 6 so as to be sure of the form and arrangement. Do not copy the illustrations, but make entries similar to them. Your entries must be made for the transactions given, and your amounts must be the amounts given in the transactions, and not the amounts shown in the illustrations. Leave one blank line after each transaction, and write the date in the center of this line, using ditto marks if the date be the same as that of the preceding transaction.

Rule 5.—*Debit* EXPENSE *for all expenses of the business.*

The expenses of a business include such items as outlays for rent, postage stamps, stationery, fuel, light, clerk hire, etc.

Rule 6.—*Credit* CASH *for all amounts which are paid out, or taken from the business.*

No. 3.—JANUARY 2, 190–. Bought of Scrantom & Wetmore, books and stationery for office use, for which I paid cash, $15.

INSTRUCTIONS.—This transaction is of the same nature as the preceding one. Debit *Expense* (see rule 5); credit *Cash* (see rule 6).

In the right-hand half of the wide space in your journal-daybook is written a complete record of the transaction. This record should be as brief as possible, yet it must show exactly what took place, for should any dispute arise it is this record and not the journal entry nor ledger record that will be used as evidence.

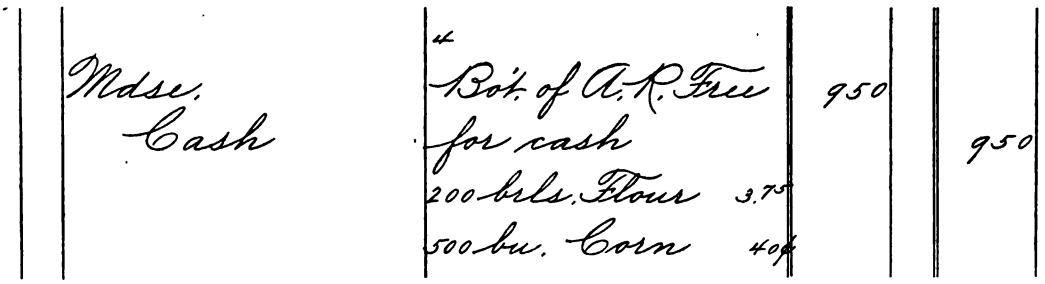
No. 4.—JANUARY 3, 190–. Bought of the Upton Coal Co. for cash, for use in store, 5 tons of coal at $5.50 per ton; total, $27.50.

INSTRUCTIONS.—As the coal is to be used for fuel, it becomes an expense to the business. Make entry similar to transactions Nos. 2 and 3. Determine the debit by reading rule 5; determine the credit by reading rule 6.

No. 5.—JANUARY 3, 190–. Paid postmaster $10.50 for 500 stamped envelopes.

No. 6.—JANUARY 4, 190–. Bought of P. D. Hamlin, for cash, 100 brls. flour at $3.90 per brl., 400 bu. oats at 35¢ per bu.; total, $530.

INSTRUCTIONS.—Goods which you buy with the intention of selling are called "merchandise." You have bought $530 worth of flour and oats for this purpose, hence *Merchandise* should be debited. You have paid out or disposed of cash to the amount of $530, hence *Cash* should be credited. The following is the form of your entry, though the amounts and explanation are different.



Rule 7.—*Debit MERCHANDISE for all goods which you buy for the purpose of selling.*

No. 7.—JANUARY 4, 190–. Bought of Charles A. Hubbard, for cash, 1000 bu. oats at 30¢ per bu.; total, $300.

INSTRUCTIONS.—This transaction is similar to the preceding one. *Merchandise* should be debited (see rule 7); *Cash* should be credited (see rule 6).

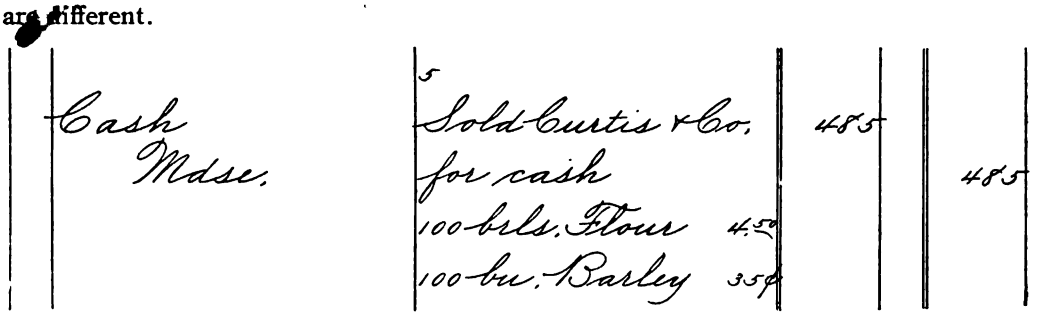
No. 8.—JANUARY 4, 190–. Bought of M. F. Lynch, for cash, 500 bu. corn at 35¢ per bu.; total, $175.

INSTRUCTIONS.—Make entry similar to transaction No. 6. Determine the debit by reading rule 7; determine the credit by reading rule 6.

No. 9.—JANUARY 4, 190–. Bought of H. P. Dennis & Co., for cash, 100 bu. rye at 50¢ per bu., 50 brls. flour at $4.10 per brl.; total, $255.

No. 10.—JANUARY 5, 190–. Sold Wilson Bros., for cash, 100 bu. rye at 60¢ per bu., 50 brls. flour at $4.50 per brl.; total, $285.

INSTRUCTIONS.—*Cash* should be debited when it is received, or comes into the business; and *Merchandise* should be credited when it is sold, or goes out of the business. The following illustrates the form of your entry, though the amounts and explanation are different.



Rule 8.—*Credit MERCHANDISE for all goods which you sell.*

No. 11.—JANUARY 6, 190–. Sold H. A. Harvey, for cash, 400 bu. oats at 35¢ per bu.; total, $140.

INSTRUCTIONS.—Make entry similar to preceding transaction. Determine the debit by reading rule 3; determine the credit by reading rule 8.

No. 12.—JANUARY 6, 190–. Sold W. D. Menter, for cash, 200 bu. corn at 40¢ per bu.; total, $80. (Entry similar to transaction No. 10.)

No. 13.—JANUARY 6, 190–. Sold J. B. Hamill, for cash, 200 bu. oats at 36¢ per bu., 100 bu. corn at 40¢ per bu.; total, $112.

POSTING.

At such times as may be convenient, the bookkeeper transfers the items from his journal (in which they have been entered daily as the transactions have occurred) to the ledger.

Transferring entries from the journal to the ledger is called "posting," and when completed all the debit cash items in the journal will appear on the debit side of the Cash account in the ledger, and the credit cash items in the journal will appear on the credit side of the Cash account in the ledger. (See Cash account in model ledger, page 8.) All debit merchandise items in the journal will appear on the debit side of the Merchandise account in the ledger, and all credit merchandise items in the journal will appear on the credit side of the Merchandise account in the ledger; and the same will be true of Expense account, the proprietor's account, and such other accounts as the business may have.

There is no stated time at which posting should be done. In the busy office it is generally done at odd times, when the bookkeeper is not otherwise occupied, but it must be completed at the close of each month, in order to take a trial balance.

When posting, the utmost care should be exercised that all debit items be carried to the debit side of the proper accounts in the ledger, and all credit items to the credit side of the proper accounts in the ledger.

It is quite a common error to post a debit item to the credit side, or a credit item to the debit side of an account, especially when the student is taught to post alternate debits and credits. The practical bookkeeper rarely posts in this manner, but instead posts first all his debits, then all his credits. As he is at all times posting to only one side of the ledger, he reduces to the minimum the danger of posting an amount to the wrong side of an account.

Opening Ledger Accounts.—Examine the model ledger on page 8, and notice the form and arrangement of the accounts. Take a sheet of ledger paper and open accounts as follows: At the top of the first page write your own name. (For form, see account of A. H. Harper in model ledger, page 8.) See that each name is in the center of the page. On the fifth line below write *Cash;* 12 lines below Cash write *Merchandise;* 12 lines below Merchandise write *Expense.* Number your journal page 1; number your ledger page 1.

SUCCESSIVE STEPS.

FIRST STEP.—All amounts in the debit money column of your journal are carried to the left-hand or debit side of your ledger. All amounts in the credit money column of your journal are carried to the credit or right-hand side of your ledger.

The first item on the debit side of your journal is *Cash;* the amount is *$4000.* Turn to the Cash account in your ledger and write the amount on the debit side of this account. Place the page of the journal (1) in the folio column of the ledger, and write the date on

which the journal entry was made (Jan. 1) in the date column of the ledger, placing the current year above the first entry in the date column for the purpose of indicating the year. The following illustrates the form of your ledger entry.

Cash

19--											
Jan.	1			1	4000						

Next enter the page of the ledger (1) in the folio column of the journal. The following illustrates the form.

1	Cash		Commenced the		4000			
	Student's name		Flour and Grain				4000	
			business investing					
			cash					

In posting always place the number of the page of the journal from which the amount is posted in the folio column of your ledger, and place the number of the page of your ledger on which the account is written in the folio column of your journal. This is termed "postmarking."

SECOND STEP.—All the debits in your journal should be posted first, then the credits.

The next debit item in your journal is *Expense;* the amount is *$75*. Turn to your Expense account in the ledger and write *$75* in the amount column. Place the page of the journal (1) in the folio column, and the date of the transaction (Jan. 2) in the date column. The following illustrates the form of your ledger entry.

Expense

19--											
Jan.	2			1	75						

Place the page of your ledger (1) in the folio column of your journal. (For form of entry, see illustration of journal in first step; also see model journal on page 6.)

THIRD STEP.—The next item on the debit side of your journal is *Expense;* the amount is *$15*. Turn to the Expense account in your ledger and place the amount on the debit side, writing the page of the journal in the folio column of the ledger, and the date (Jan. 3) in the date column of the ledger. The following illustrates the form of the entry, showing the Expense account as it should appear in your ledger at the present time.

Expense

190-																	
Jan	2			1		75											
	3			1		15											

Write the page of the ledger in the folio column of your journal.

FOURTH STEP.—The next item on the debit side of your journal is *Expense;* the amount is *$27.50*. Post this to your ledger, as previously instructed. The following illustrates the form of an Expense account with three items entered thereon.

Expense

190-																	
Jan	2			1		75											
	3			1		15											
	3			1		27	50										

FIFTH STEP.—The next item on the debit side of your journal is *Expense;* the amount is *$10.50*. Post as before to the left-hand side of Expense account in the ledger. Do not neglect to place the ledger page in the folio column of your journal.

SIXTH STEP.—The next item on the debit side of your journal is *Merchandise;* the amount is *$530*. Post this to your ledger as previously instructed. The following illustrates the form of the entry.

Merchandise

190-																	
Jan	4			1		530											

SEVENTH STEP.—The next item on the debit side of your journal is *Merchandise;* the amount is *$300.* Post this to your ledger according to previous instructions.

The following illustrates the form of the Merchandise account as it should appear in your ledger at the present time.

Merchandise

190-																		
Jan	4			1	530													
	4			1	300													

EIGHTH STEP.—The next item on the debit side of your journal is *Merchandise;* the amount is *$175.* Post this to the debit side of your Merchandise account.

The following illustrates the form of the Merchandise account as it should appear in your ledger at the present time.

Merchandise

190-																		
Jan	4			1	530													
	4			1	300													
	4			1	175													

NINTH STEP.—The next item on the debit side of your journal is *Merchandise;* the amount is *$255.* Post this to the debit side of your Merchandise account.

TENTH STEP.—The next item on the debit side of your journal is *Cash;* the amount is *$285.* Post this to the debit side of your Cash account.

The following illustrates the form of the Cash account as it should appear in your ledger at the present time.

Cash

190-																		
Jan	1			1	4000													
	5			1	285													

ELEVENTH STEP.—The next item on the debit side of your journal is *Cash;* the amount is *$140*. Turn to the Cash account in your ledger and make entry on the debit side, placing *$140* in the amount column, the page of your journal in the folio column, the date of the transaction (Jan. 6) in the date column. Place the ledger page in the journal folio column.

TWELFTH STEP.—The next item on the debit side of your journal is *Cash;* the amount is *$80*. Post this amount to the debit side of the Cash account in your ledger.

THIRTEENTH STEP.—The next and last item on the debit side of your journal is *Cash;* the amount is *$112*. Post this to the debit side of the Cash account, as previously instructed.

You should now have five items on the debit side of your Cash account; namely, $4000, $285, $140, $80, and $112. All the items on the debit or left-hand side of your journal have now been transferred to the debit or left-hand side of your ledger.

FOURTEENTH STEP.—As you have finished posting the debit items, you should next post the credit items of your journal to the credit or right-hand side of your ledger.

The first credit item in your journal is that in which you are credited with your investment, *$4000*. This should be transferred to your account on the credit side of the ledger. The following illustrates the form of the ledger entry.

Student's Name.

					190-				
					Jan.	1		1	4000

Be sure to place the page of your ledger in the folio column of the journal immediately preceding your name.

FIFTEENTH STEP.—The next credit item in your journal is *Cash;* the amount is *$75*. Transfer the amount to the credit side of the Cash account in the ledger.

The following illustrates the form of the Cash account in your ledger as it should appear at the present time.

Cash

190-					190-				
Jan.	1		1	4000	Jan.	2		1	75
	5		1	285					
	5		2	140					
	5		2	80					
	5		2	112					

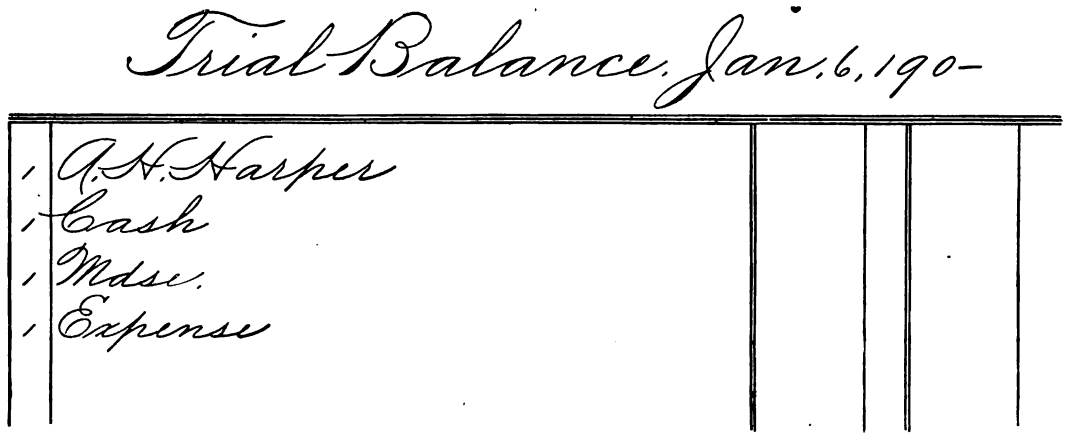
SIXTEENTH STEP.—Transfer the remaining credit items of your journal-daybook to your ledger. (For form of ledger showing accounts with several items entered thereon, see model on page 8.) The Cash account in your ledger will contain eight credit amounts, and the Merchandise account four credit amounts.

All the credit items of your journal have now been transferred to the credit or right-hand column of your ledger.

As the amounts in the debit and credit columns of the journal are equal, it is evident, if you have made no mistake in transferring the entries, that the amounts on the debit and credit sides of your ledger must also be equal; that is, that the sum of the amounts on the debit side of your ledger should equal the sum of the amounts on the credit side of your ledger. To ascertain if this is true, we take what is known as a trial balance.

TRIAL BALANCE.

Take a sheet of journal paper, write the words *Trial Balance* at the top, and under it, at the left, write the names of all the accounts that appear in your ledger, with the ledger page in the folio column. The following illustrates the form.



The names of the accounts in the left-hand column must be the names of the accounts in your ledger.

The footing of the debit side of all the accounts in your ledger must be entered in the debit or left-hand column of your trial balance. The footing of the credit side of all the accounts in your ledger must be entered in the credit or right-hand column of your trial balance.

The first account in the ledger is the proprietor's (your own) account. There is nothing on the debit side, hence no entry will be made in the debit column of your trial balance. There is *$4000* on the credit side of your account. Enter this amount ($4000) in the credit or right-hand column of your trial balance. The following illustrates the form; the amount is different.

Trial Balance Jan. 6, 190-

1	Student's name		3000
	Cash		
	Merchandise		
	Expense		

Find the sum of the several items on the debit side of your Cash account, and write the amount in small, light lead-pencil figures.

The following illustrates the form of a Cash account properly footed; the amounts are different from those shown in your Cash account.

Cash

190-				190-			
Jan.	1	1	3000	Jan.	5	1	200
	4	1	225		6	2	75
	6	2	740		7	2	1356
	7	2	62				1631
	10	3	150				
			4177				

Transfer the debit footing of your Cash account ($4617) to the debit column of your trial balance, writing the amount directly opposite the word *Cash*.

Foot the credit side of your Cash account and transfer the footing ($1388) to the credit column of your trial balance directly opposite the word *Cash*. The following illustrates the form; the amounts are different.

Trial Balance Jan. 6, 190-

1	Student's name		3000
	Cash	4177	1631
	Merchandise		
	Expense		

Foot the debit and credit sides of your Merchandise account, writing the footing in lead-pencil figures, as previously explained. Transfer the footing of the debit side to the debit column of your trial balance, and the footing of the credit side to the credit column of your trial balance.

Foot the debit side of your Expense account, and transfer the footing to the debit side of your trial balance. There is nothing on the credit side of your Expense account. (For form of complete trial balance having amounts entered thereon, see below.)

Add both the debit and the credit columns of your trial balance; the footings should be equal. If the footings of the debit and credit columns of your trial balance are not equal, it is evident that an error has been made, and you should review your calculations and find the mistake.

The following is the form of a trial balance containing the same number of items found in your trial balance. The amounts are different.

Trial Balance. Jan. 6, 190-

1	A. H. Harper		3000
1	Cash	6200	5100
1	Mdse.	6100	4342
1	Expense	142	
		12442	12442

NOTE.—All ruling should be done in red ink unless otherwise instructed by the teacher.

The footing of your trial balance should be $6005.

Present your journal, ledger and trial balance to your teacher for approval. Do not attempt any further work until your teacher certifies to the correctness of what you have already done.

QUESTIONS.

1. Define double entry bookkeeping.
2. What books are required to make a complete record of any business?
3. What should the journal-daybook contain?
4. What should the ledger contain?
5. What is the general rule for debits? For credits?
6. What does the term "cash" include?
7. When should the Cash account be debited?
8. When should the Expense account be debited?
9. What items should be charged to the Expense account?
10. When should the Cash account be credited?

11. What do you understand by the term "merchandise"?
12. When should the Merchandise account be debited?
13. When should the Merchandise account be credited?
14. Define posting.
15. When should posting be done?
16. Upon which side of the ledger accounts should all items in the left-hand money column of the journal appear? Upon which side, all those in the right-hand money column of the journal?
17. What is the object of a trial balance?
18. How often should a trial balance be taken?
19. What names should appear in a trial balance?
20. Why should the debit and credit columns of a trial balance show equal footings?

WORK FOR THE STUDENT.

To be Entered in the Journal-Daybook.

No. 1.—February 1. I (your name) engage in the Flour and Grain business, investing cash, $2500.

Instructions.—Write *February 1* at the top of your journal-daybook (see model, page 6). Determine the debit by reading rule 3, page 10; determine the credit by reading rule 4, page 11. For form of entry similar to this, see transaction No. 1, page 10.

No. 2.—February 2. Paid Henry Jones one month's rent of store, in cash, $50.

Instructions.—Determine the debit by reading rule 5, page 11; determine the credit by reading rule 6, page 11. For form of entry similar to this, see transaction No. 2, page 11.

No. 3.—February 3. Bought of R. C. Thompson, for cash, 200 brls. flour at $4 per brl.; total, $800.

Instructions.—Determine the debit by reading rule 7, page 12; determine the credit by reading rule 6, page 11. For form of entry similar to this, see transaction No. 6, page 12.

No. 4.—February 4. Sold A. H. Warren, for cash, 50 brls. flour at $4.50 per brl.; total, $225.

Instructions.—Determine the debit by reading rule 3, page 10; determine the credit by reading rule 8, page 12. For form of entry similar to this, see transaction No. 10, page 12.

No. 5.—February 6. Bought from Winter Bros., for cash, 600 bu. of corn at 35¢ per bu.; total, $210. (Entry similar to transaction No. 3.)

No. 6.—February 7. Sold Wm. Archer & Co., for cash, 50 brls. flour at $4.50 per brl., 200 bu. corn at 40¢ per bu.; total, $305. (Entry similar to transaction No. 4.)

No. 7.—February 8. Bought of Arthur McMillan, for cash, 100 brls. flour at $3.90 per brl., 1200 bu. oats at 33¢ per bu.; total $786. (Entry similar to transactions Nos. 3 and 5.)

No. 8.—February 9. Paid clerk hire, in cash, $15, insurance, $10; total, $25. (Determine the debit by reading rule 5, page 11.)

No. 9.—February 10. Sold E. H. French & Co., for cash, 25 brls. flour at $4.50 per brl., 300 bu. oats at 38¢ per bu., 200 bu. corn at 40¢ per bu.; total, $306.50.

No. 10.—February 12. Bought of John C. Cornell, for cash, 200 bu. rye at 55¢ per bu.; total, $110.

No. 11.—Open the following accounts in your ledger, leaving space as indicated. (Student's name), top of page 1. Merchandise, 11th line, page 1. Expense, top of page 2. Cash, top of page 3.

No. 12.—Post the transactions from your journal-daybook to your ledger. For explanation of posting, see page 13.

No. 13.—Take a trial balance from your ledger. See form and explanation on page 18.

No. 14.—Submit your journal-daybook, ledger and trial balance to your teacher for inspection and approval.

GENERAL RULE FOR PERSONAL ACCOUNTS.

Persons are DEBITED when they become indebted to the business, or when the business pays them on account.

Persons are CREDITED when the business becomes indebted to them, or when they pay the business on account.

Enter the following transactions in your journal-daybook, commencing directly under those that you have previously entered for the month of February.

No. 15.—FEBRUARY 14. Bought of A. J. Lane, on account, 30 days, 250 bu. oats at 33¢ per bu.; total, $82.50.

INSTRUCTIONS.—Whenever you buy goods from a person without paying for them at the time of purchase, the goods are said to be bought on account, and the person from whom you buy should be credited, because he has produced value to your business by delivering to you a certain quantity of goods. In this instance you have received merchandise, hence *Merchandise* should be debited. The merchandise was purchased from A. J. Lane, who merely has your oral or implied promise to pay, hence *A. J. Lane* should be credited. The following illustrates the form of your entry, though the amounts and explanation are different.

		14					
	Mdse.		Bot. on acct. 30 days		70		
	P. M. Smith		200 bu. Corn	35¢			70

Rule 9.—*Whenever you purchase goods without paying for them at the time of purchase, credit the PERSON from whom the goods are bought.*

No. 16.—FEBRUARY 15. Bought of W. H. Stevens, on account, 600 bu. oats at 33¢ per bu.; total, $198.

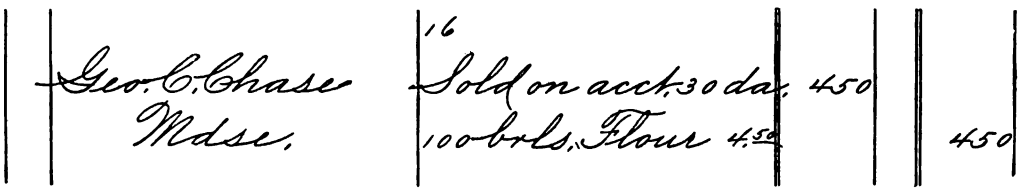
INSTRUCTIONS.—This transaction is similar to the preceding one. Debit *Merchandise* (see rule 7); credit *W. H. Stevens* (see rule 9).

No. 17.—FEBRUARY 15. Bought of F. A. Smith & Co. on account, 10 days, 300 bu. rye at 55¢ per bu.; total, $165. (Determine the debit by reading rule 7; determine the credit by reading rule 9.)

No. 18.—FEBRUARY 16. Sold W. A. Scott on account, 10 days, 200 bu. oats at 36¢ per bu.; total, $72.

INSTRUCTIONS.—Whenever you sell merchandise without receiving payment therefor at the time of sale, the goods are said to be sold on account, and the person to whom the goods are sold should be debited. In this instance W. A. Scott has purchased from you $72 worth of merchandise without making payment therefor; you simply have his oral or

implied promise to pay. W. A. Scott has cost the business value; that is, he has received merchandise from your business, hence *W. A. Scott* should be debited and *Merchandise* credited. The following illustrates the form of your entry, though the amounts and explanation are different.



Rule 10.— *Whenever you sell goods without receiving payment therefor at the time of sale, debit the* PERSON *to whom the goods are sold.*

No. 19.—FEBRUARY 17. Sold S. A. Dodge & Co. on account, 60 days, 50 brls. flour at $4.75 per brl.; total, $237.50.

INSTRUCTIONS.—This transaction is similar to the preceding one. Debit *S. A. Dodge & Co.* (see rule 10); credit *Merchandise*.

No. 20.—FEBRUARY 17. Sold J. S. Sumner, on account, 500 bu. rye at 60¢ per bu., 500 bu. oats at 36¢ per bu., 600 bu. corn at 40¢ per bu.; total, $720. (Determine the debit by rule 10; determine the credit by rule 8.)

No. 21.—FEBRUARY 19. Sold E. H. French & Co. on account, 10 days, 50 brls. flour at $4.60 per brl., 200 bu. oats at 36¢ per bu., 100 bu. corn at 40¢ per bu.; total, $342.

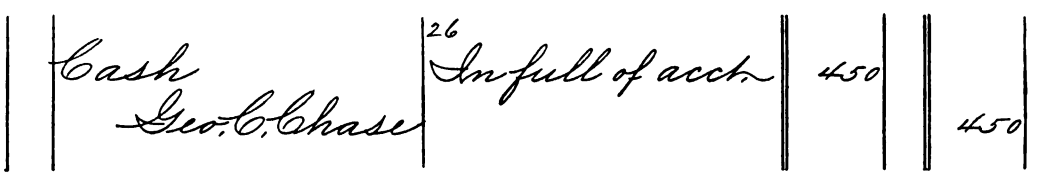
No. 22.—FEBRUARY 20. Sold E. B. Adams, for cash, 400 bu. oats at 38¢ per bu.; total, $152. (Determine the debit by rule 3; determine the credit by rule 8.)

No. 23.—FEBRUARY 23. Bought of Rice, Miller & Co. on account, 30 days, 250 bu. rye at 57¢ per bu., 600 bu. corn at 35¢ per bu.; total, $352.50. (Entry similar to transaction No. 15.)

No. 24.—FEBRUARY 24. Sold Roberts Bros., for cash, 200 bu. rye at 60¢ per bu.; total, $120.

No. 25.—FEBRUARY 26. W. A. Scott has paid you $72 cash in full settlement of his account.

INSTRUCTIONS.—In transaction No. 18 W. A. Scott became indebted to you to the extent of $72. He now pays this amount, thus getting out of your debt. He has produced value to the business to the amount of $72 by giving you cash, hence *Cash* should be debited and *W. A. Scott* credited. The following illustrates the form of your entry, though the amounts are different.



Rule 11.—*Whenever a person pays you on account, credit that* PERSON.

No. 26.—FEBRUARY 26. Received cash of J. S. Sumner, $100, to apply on account.

INSTRUCTIONS.—This transaction is similar to the preceding one, with the exception that the explanation should read *To apply on account* instead of *In full of account.*

No. 27.—FEBRUARY 27. Paid A. J. Lane cash, $82.50, in settlement of his account to date.

INSTRUCTIONS.—In transaction No. 15 you became indebted to A. J. Lane to the amount of $82.50. You now get out of his debt by paying him in cash; thus A. J. Lane costs the business value, hence *A. J. Lane* should be debited; cash has been disposed of, hence *Cash* should be credited.

The following illustrates the form of your entry, though the amounts are different.

	P. M. Smith	27	In full of acct	70	
	Cash.				70

Rule 12.—*Whenever you pay a person on account, debit that* PERSON.

No. 28.—FEBRUARY 28. Paid W. H. Stevens cash, $100, to apply on account.

INSTRUCTIONS.—Make entry similar to preceding transaction, with exception that the explanation should read *To apply on account* instead of *In full of account.*

No. 29.—FEBRUARY 28. Received cash of E. H. French & Co., $342, in payment of bill of 19th inst. (Entry similar to transaction No. 25.)

No. 30.—FEBRUARY 28. Sold Emerson & Sons, on account, 100 bu. corn at 40¢ per bu., 60 brls. flour at $4.50 per brl., 100 bu. oats at 35¢ per bu.; total, $345. (Determine the debit by rule 10; determine the credit by rule 8.)

No. 31.—FEBRUARY 28. Paid for postage and advertising $12, cash. (Determine the debit by rule 5; determine the credit by rule 6.)

No. 32.—Open the following new accounts in your ledger, leaving space as indicated.

W. A. Scott, 11th line, page 4. S. A. Dodge & Co., 22d line, page 4. J. S. Sumner, 33d line, page 4. E. H. French & Co., top of page 5. Emerson & Sons, 11th line, page 5. A. J. Lane, 11th line, page 7. W. H. Stevens, 22d line, page 7. F. A. Smith & Co., 33d line, page 7. Rice, Miller & Co., top of page 8.

No. 33.—Post the entries from your journal-daybook to your ledger, according to instructions given on page 13. Do not open new accounts in your ledger with Cash, Merchandise, and Expense, but post the items under the old accounts, as this is simply a continuation of your business.

The following illustrates the form of a Merchandise account, showing how it should appear in the ledger with the pencil footings for the first trial balance. (This is not your Merchandise account).

Merchandise

190-				190-			
Feb.	2	1	1800	Feb.	3	1	650
	5	2	740		7	2	1590
	9	2	1600		10	2	325
	15	3	725		12	3	275
	24	4	1475		19	4	745
	28	5	620		25	4	387
					27	5	420

DIRECTIONS FOR CHECKING FROM JOURNAL TO LEDGER.

In order to avoid mistakes in posting, many bookkeepers check every item from the journal to the ledger after it has been posted. As you have completed the posting for the month of February, you may check your entire journal to your ledger. On page 1 of your journal you find the item *Cash, Dr., $2500.* Put a small check mark opposite the $2500, as shown in the following form.

January 1, 190-

Cash	Commenced the	3500		
F. W. Leonard	Flour and Grain			3500
	business, investing			
	cash			

Turn to the Cash account in your ledger; the *$2500* should appear as the first entry on the debit side of the Cash account. If you find it there, place a small check mark opposite the $2500, as shown in the following form.

Cash

190-			
Jan.	1	1	3500

Check all your debits first. See that each debit item in the journal has been carried to the debit side of the account named in the ledger, and place a check mark against each account both in the journal and in the ledger. Check the credit items in the same manner.

If any posting has been omitted, you will discover it in the checking; or if any item has been posted twice, or to the wrong side of an account, it will appear unchecked and will thus be detected. This process of checking requires a little extra time, but it prevents many errors in trial balances, and the student will find it a profitable exercise.

A hard, sharp-pointed pencil should be used for checking and for pencil footings in the ledger. Make your figures and check marks light.

No. 34.—Foot your ledger in light lead-pencil figures, as explained on page 19, and take off a trial balance, as explained on page 18. Your trial balance must show the footings of each account in your ledger. When accounts balance they should be omitted from the trial balance.

No. 35.—Submit your journal-daybook, ledger and trial balance to your teacher for examination and approval.

CONTINUATION OF FEBRUARY BUSINESS.

To be Entered in the Journal-Daybook.

No. 36.—March 1. Bought of H. S. Clough & Co. on account, 10 days, 200 brls. flour at $4.05 per brl., 1000 bu. oats at 30¢ per bu.; total, $1110. (Entry similar to transaction No. 15, page 23.)

No. 37.—March 2. Sold Wm. Archer & Co. on account, 30 days, 500 bu. oats at 38¢ per bu., 50 bu. rye at 60¢ per bu.; total, $220. (Entry similar to transaction No. 18, page 23.)

No. 38.—March 3. Paid Rice, Miller & Co. cash, $352.50, in payment of invoice of February 23d. (Entry similar to transaction No. 27, page 25.)

No. 39.—March 3. Received cash of Emerson & Sons, to apply on account, $250. (Entry similar to transaction No. 26, page 25.)

No. 40.—March 5. Paid H. S. Clough & Co. cash, on account, $500. (Determine the debit by rule 12; determine the credit by rule 6.)

No. 41.—March 6. Bought of Kidder & Hill on account, 60 days, 1000 bu. corn at 34¢ per bu.; total, $340. (Determine the debit by rule 7; determine the credit by rule 9.)

No. 42.—March 7. Paid cash for freight and drayage to date, $15.

Instructions.—Cash paid for freight, cartage, drayage, etc., is a part of the cost of your merchandise, hence *Merchandise* should be debited and *Cash* credited. The following illustrates the form of your entry, though the amounts are different.

	Mdse.	Paid freight and	22	50	
	Cash	drayage to date			22 50

Rule 13.—*Debit* MERCHANDISE *for all amounts paid for freight, express, cartage, drayage, etc.*

No. 43.—MARCH 8. Sold E. H. French & Co. on account, 10 days, 300 bu. corn at 40¢ per bu., 400 bu. oats at 38¢ per bu.; total, $272. (Determine the debit by rule 10; determine the credit by rule 8.)

No. 44.—MARCH 9. You have withdrawn from the business, for private use, cash, $25.

INSTRUCTIONS.—As the *Proprietor* is credited with money, property, etc., which he invests in the business, it is evident that he should be debited for anything which he takes out of the business. In this instance he has withdrawn cash, hence the *Proprietor* should be debited and *Cash* credited for *$25*. The following illustrates the form of your entry, though the amounts are different.

	J. H. Harper Proprietor	9	Drew from the business for private use	50	
	Cash				50

Use your own name in making the above entry.

Rule 14.—*Debit the* PROPRIETOR *for all cash, merchandise, etc., which he takes out of the business.*

No. 45.—MARCH 10. Bought of Kidder & Hill on account, 30 days, 1000 bu. corn at 36¢ per bu., 200 bu. rye at 54¢ per bu.; total, $468.

No. 46.—MARCH 11. Paid H. S. Clough & Co. cash, $100, to apply on account.

No. 47.—MARCH 12. Sold F. W. Garland, on his note at 10 days, 50 brls. flour at $4.60 per brl.; total, $230.

The following illustrates the form of the note which F. W. Garland gives you, the amount being different.

$ 250.00 Rochester, N.Y. Mar. 12, 190

Thirty days after date I promise to pay to the order of Student's name

Two hundred fifty Dollars

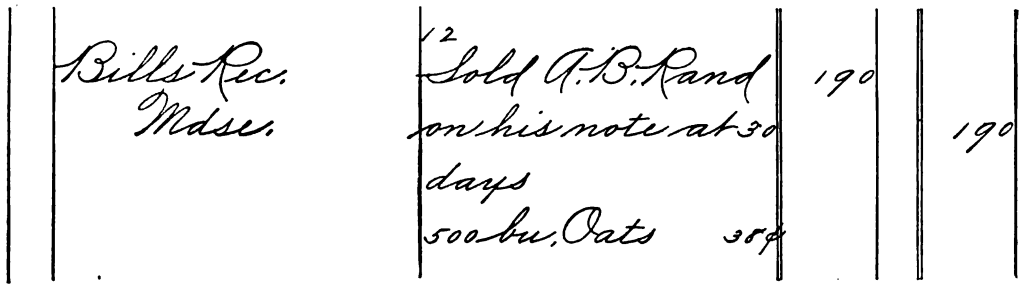
Payable at my office

Value received

No. 66 Due Apr. 11 F. W. Garland

INSTRUCTIONS.—You have sold merchandise, and F. W. Garland has given you his written promise to pay in 30 days the amount of the bill. A written promise to pay is

called a note. When these notes, or promises, are in favor of the business, they are called "Bills Receivable," and, like any other property, they are debited when received and credited when disposed of; hence in this instance *Bills Receivable* should be debited and *Merchandise* credited. The following illustrates the form of your entry, though the amounts and explanation are different.

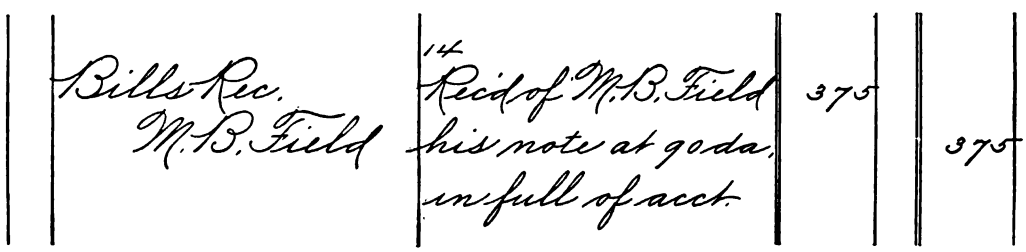


Rule 15.—*Debit* BILLS RECEIVABLE *for all notes (written promises to pay) that you receive which are signed by other persons.*

No. 48.—MARCH 13. Sold Wm. Archer & Co., on their note at 15 days, 150 brls. flour at $4.60 per brl.; total, $690. (Entry similar to previous transaction.)

No. 49.—MARCH 14. S. A. Dodge & Co., who owe you $237.50, have requested you to accept their note at 30 days in payment of the account. This you have agreed to do.

INSTRUCTIONS.—In this instance you have received S. A. Dodge & Co.'s written promise to pay, hence *Bills Receivable* should be debited (see rule 15). As S. A. Dodge & Co. have paid you on account, *S. A. Dodge & Co.* should be credited. The following illustrates the form of your entry, though the amounts and explanation are different.



No. 50.—MARCH 15. J. S. Sumner sends you his note at 10 days to apply on account, $250. (Entry similar to preceding transaction.)

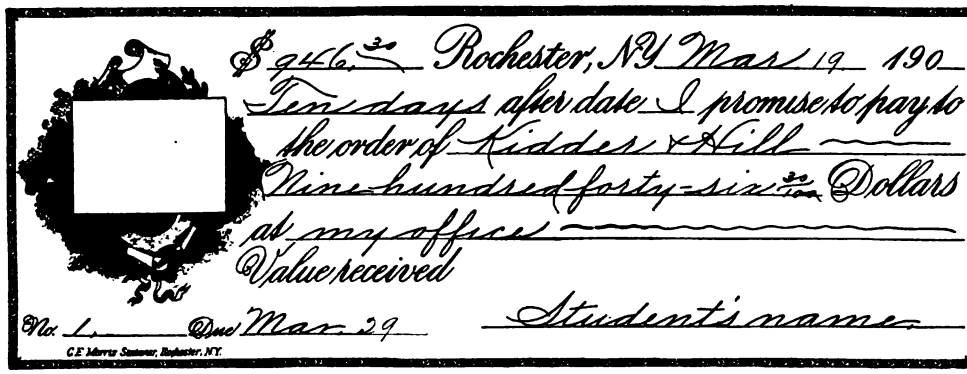
No. 51.—MARCH 16. Sold S. A. Dodge & Co., on account, 600 bu. corn at 40¢ per bu., 50 brls. flour at $4.50 per brl.; total, $465.

No. 52.—MARCH 17. Bought of H. S. Clough & Co., on account, 100 brls. flour at $4 per brl., 500 bu. corn at 35¢ per bu.; total, $575.

No. 53.—MARCH 18. Sold J. B. Fulton, on his note at two months, 400 bu. oats at 38¢ per bu., 200 bu. corn at 40¢ per bu.; total, $232. (Entry similar to transaction No. 48.)

No. 54.—MARCH 19. Bought of Kidder & Hill, on your note at 10 days, 200 brls. flour at $4 per brl., 500 bu. corn at 35¢ per bu.; total, $975.

The following is the form of the note which you will give Kidder & Hill. The amount is different.


$ 946.00 Rochester, NY Mar 19 190
Ten days after date I promise to pay to
the order of Kidder & Hill
Nine hundred forty-six 00/100 Dollars
at my office
Value received
No. 1 Due Mar 29
Student's name
C.E. Morris Stationer, Rochester, NY.

INSTRUCTIONS.—You have bought merchandise and have given Kidder & Hill your note or written promise to pay the amount of the bill in 10 days. Written promises to pay, given by you for the benefit of the business, are called "Bills Payable," and, like any other property, they should be credited when issued or disposed of, and debited when paid or received; hence *Merchandise* should be debited and *Bills Payable* credited for the amount of the note. The following illustrates the form of your entry, though the amounts and explanation are different.

	Mdse.	19			
	Bills Pay.	Bot. of B. F. Perry	600		
		on my note at 60			600
		days.			
		100 brls. Flour 3 20			
		600 bu. Corn 35¢			

Rule 16.—*Credit* BILLS PAYABLE *for all notes (written promises to pay) which are signed by the Proprietor, and given for the benefit of the business.*

No. 55.—MARCH 20. Bought of Warner & Freeman, on your note at 10 days, 600 bu. corn at 35¢ per bu.; total, $210. (Entry similar to previous transaction.)

No. 56.—MARCH 21. Sold A. H. Warren, on his note at 30 days, 50 brls. flour at $4.60 per brl., 190 bu. corn at 40¢ per bu.; total, $306. (Entry similar to transaction No. 48.)

No. 57.—MARCH 22. Sold Weston & Hill, on account, 25 brls. flour at $4.60 per brl., 380 bu. corn at 40¢ per bu.; total, $267.

No. 58.—MARCH 23. Bought of Chas. A. Hill & Co., on your note at 60 days, 1000 bu. oats at 33¢ per bu., 500 bu. corn at 35¢ per bu.; total, $505. (Entry similar to transaction No. 55.)

No. 59.—MARCH 23. Sold Roberts Bros., on account, 15 days, 50 brls. flour at $4.50 per brl.; total, $225.

No. 60.—MARCH 23. F. W. Garland has paid you his note of 12th inst. in cash, $230.

INSTRUCTIONS.—You have received cash and disposed of the note, which should be returned to F. W. Garland. As *Bills Receivable* was debited when the note was received, it is evident that *Bills Receivable* should be credited when the note is disposed of. The following illustrates the form of your entry, though the amounts and explanation are different.

	Cash	23 Recd. of C. A. Ross	460		
	Bills Rec.	in paym't. note, 2/15			460

Rule 17.—*Credit BILLS RECEIVABLE when notes signed by other persons are disposed of.*

No. 61.—MARCH 24. J. S. Sumner has paid his note, due this day, in cash, $250. (Entry similar to previous transaction.)

No. 62.—MARCH 24. You have paid your note of 19th inst., favor of Kidder & Hill, in cash, $975.

INSTRUCTIONS.—You have disposed of cash and received therefor your note. As *Bills Payable* was credited when your note was issued, it is evident that *Bills Payable* should be debited when your note is paid or redeemed. The following illustrates the form of your entry, though the amounts and explanation are different.

	Bills Pay.	29 Note #1, favor	685		
	Cash	A. B. Reed			685

Rule 18.—*Debit BILLS PAYABLE for all notes (written promises to pay) which are paid by the business.*

No. 63.—MARCH 24. You have paid your note, favor of Warner & Freeman, in cash, $210. (Entry similar to previous transaction.)

No. 64.—MARCH 25. Received of E. H. French & Co., to apply on account, their note at 30 days for $200.

No. 65.—MARCH 25. Transfer, by indorsement, A. H. Warren's note of 21st inst. for $306 to H. S. Clough & Co., to apply on account.

INSTRUCTIONS.—Instead of keeping A. H. Warren's note (bills receivable) until it becomes due, and collecting the money yourself, you have given the note to H. S. Clough & Co. to apply on account, and they agree to accept it at its face value. You have paid Clough & Co. on account, therefore they should be debited (see rule 12); you have disposed of a note in favor of the business, hence *Bills Receivable* should be credited (see rule 17). The following illustrates the form of entry, though the amounts and explanation are different.

	B. E. Wells & Co.	25 Gave them W. N.	300		
	Bills Rec.	Lacy's note of 2/24,			300
		in our favor, to			
		apply on acct.			

Indorsing a note consists in writing your name on the back of the note, about one and one-half inches from the upper end. The effect of an indorsement is to make the person who writes his name on the back of a note responsible for its payment in case the maker fails to pay the note when it is due. If the note is payable to order, the indorsement is also necessary for the purpose of transferring the title.

The following is a form of indorsement commonly used in transferring notes like that referred to in transaction No. 65.

Pay to the order of
N. S. Clough & Co.
Student's Name.

No. 66.—MARCH 26. Paid clerk hire, $15, stamps, etc., $2; total, $17. (Entry similar to transaction No. 31.)

No. 67.—MARCH 27. Gave Kidder & Hill your note at 30 days, for $340, to apply on account.

No. 68.—MARCH 27. William Archer & Co. paid their note of the 13th inst. in cash. $690.

No. 69.—MARCH 28. The freight and drayage bills to date are $12; they have been paid in cash. (Entry similar to transaction No. 42.)

No. 70.—MARCH 28. You have taken from the store, for use in your family, 2 brls. flour at $4 per brl.; total, $8.

INSTRUCTIONS.—You (the proprietor) have taken from the business, for your own private use, merchandise valued at $8. The *Proprietor* should be debited for the withdrawal from the business, and *Merchandise* should be credited, as it has been sold to the proprietor.

No. 71.—MARCH 29. Bought of A. J. Lane, on account, 600 bu. oats at 32¢ per bu., 200 bu. rye at 55¢ per bu.; total, $302.

No. 72.—MARCH 29. Paid F. A. Smith & Co. cash, $165, in full of account to date.

No. 73.—MARCH 29. Received of Wm. Archer & Co. cash, on account, $150.

No. 74.—MARCH 30. Bought of Rice, Miller & Co. on account, 30 days, 50 brls. flour at $3.95 per brl., 400 bu. corn at 35¢ per bu.; total, $337.50.

No. 75.—MARCH 30. Sold W. A. Scott on account, 30 days, 400 bu. oats at 38¢ per bu., 50 brls. flour at $4.50 per brl.; total, $377.

No. 76.—MARCH 31. Bought of F. A. Smith & Co. on account, 30 days, 75 brls. flour at $4 per brl.; total, $300.

No. 77.—Open the following accounts, leaving space as indicated.

Loss and Gain, 11th line, page 2. Bills Receivable, top of page 4. Wm. Archer & Co., 22d line, page 5. Weston & Hill, 33d line, page 5. Roberts Bros., top of page 6. Bills Payable, top of page 7. H. S. Clough & Co., 11th line, page 8. Kidder & Hill, 22d line, page 8.

Post from your journal, following directions for posting on page 13. Take a trial balance (see instructions below), and present your journal, ledger and trial balance to your teacher for approval.

In taking the trial balance, March 31st, you may write only the difference between the two sides of each account in the money columns of the trial balance. Pencil foot your ledger accounts as usual. On the larger side of the ledger account, in the explanation space, near the top of the account, write the pencil footing of that side of the account; underneath it write the pencil footing of the smaller side; subtract, writing the remainder underneath, and leave these pencil figures in your ledger. Carry this remainder only into the trial balance opposite the name of the account, and on the larger side. Use a hard, sharp-pointed pencil and make your figures small like all pencil footings. (See Cash and Merchandise accounts in model ledger, page 8, to show the method of finding the difference between the sides of accounts to be used in this form of trial balance.)

The following is a trial balance taken in this manner from the model ledger on pages 8 and 9.

Trial Balance, Feb. 28, 190-

1	A. H. Harper		2950
1	Cash	2436 50	
1	Merchandise	877 50	
1	Expense	210	
2	Bills Receivable	158 50	
2	Bills Payable		520
2	J. B. Allen	362 50	
2	J. Grant & Co.		275
		4045	4045

DIRECTIONS FOR FINDING MISTAKES IN TRIAL BALANCES.

The debit and credit columns of your journal are equal. If the items are posted correctly, it is evident that the debit and credit sides of your ledger will also be equal. The debit and credit money columns of your trial balance should be equal, as the trial balance is made up of the differences between the debit and credit money columns of your ledger; but every bookkeeper finds from practical experience that errors occur, and it is by no means uncommon to find a difference between the debit and credit money columns of the trial balance when it has been taken off from the ledger.

If you have checked the items from the journal to the ledger, as directed on page 26, any mistakes in posting should be discovered, but many bookkeepers do not check, using every other means of finding mistakes before resorting to this expedient; for, in a large business, it is a considerable addition to the work of the bookkeeper if he is obliged to check all postings a second time.

The following directions will, it is believed, enable you to detect most mistakes.

1. Verify your additions, both in the trial balance itself and in each account in the ledger.

2. See that the subtraction has been correctly performed in finding the differences between the sides of the ledger accounts.

3. Find the exact amount of the difference between the two sides of the trial balance. Look through your journal and see if any such amount appears in either column of the journal. If you find the amount, it has very probably been omitted in the posting and will rectify the error.

4. Look in the journal for an amount equalling half the difference between the two sides of the trial balance. A debit amount of half the difference posted to the credit side, or a credit amount posted to the debit side of the ledger would give the amount of the difference.

5. See if the difference between the sides of the trial balance is divisible by 9; if so, it is probable that figures have been transposed in posting, *e. g.*, 39 posted as 93. There is no method of locating such an error except by checking.

Finally, if the error is not discovered by any of these methods, it is necessary to check from the journal to the ledger. In doing this work be sure that you check in both books. If this is carefully done errors must be detected.

STATEMENT.

In addition to keeping accounts, the bookkeeper must be able to show at any time whether the business is profitable or unprofitable, and from what sources (accounts) the gains and losses arise. This is usually done at stated periods—generally yearly—by making a statement which shows in detail just what property or resources the business has on hand, what debts or liabilities it has outstanding, what gains it has made, and what losses it has sustained. From this material it is easy to show the present standing or worth of the business, and determine whether it is prosperous or unprosperous, as well as to indicate the sources from which the gains arise or the losses occur.

The first step in making out a statement is to take an inventory of the property on hand.

INVENTORY.

An inventory is a list of unsold merchandise and other property on hand at the time the statement is rendered. Since *Merchandise* is debited when bought, and credited when sold, it is evident that the value of unsold merchandise must be ascertained before it can be determined whether there has been a gain or a loss. A complete list of every article of merchandise is taken and kept in a book or on sheets, with the value indicated. The cost price of merchandise is generally assumed to be the value of the goods unless there has been a decided rise or fall in the market price since the articles were purchased. By comparing the purchases and sales in your journal, it is found that you should have on hand the following.

INVENTORY, MAR. 31, 19—.

2830 bu. Corn,	35¢,	990.50	
1250 " Oats,	30¢,	375.	
400 " Rye,	55¢,	220.	
213 brls. Flour,	3.90,	830.70	2416.20

CLASSES OF ACCOUNTS.

Every business will contain two classes of accounts, which may be called Accounts of Business and Accounts of Finance.

Accounts of Business are those accounts which indicate a gain or a loss to the business, such as Merchandise, Expense, Interest, Discount, Real Estate, and other accounts of a similar nature. The chief business account of any business will be Merchandise, for it is from the buying and selling of goods that the principal profit is derived. All accounts of business are placed together on a statement known as a statement of losses and gains. The following is the form of such a statement.

Statement of Losses & Gains, Mar. 31, 190-

			Losses.	Gains.
Mdse.	Value of unsold	4200.		
"	Excess of cost over sales	3642		
"	Gain			558
Expense	Cost		126 50	
Net Gain			431 50	
			558	558

HOW TO MAKE OUT A STATEMENT OF LOSSES AND GAINS.

Take a sheet of journal paper and write at the top thereof, *Statement of Losses and Gains, March 31, 19—*. All losses are placed in the left-hand or debit column of the statement, and all gains are placed in the right-hand or credit column.

1. Take the amount of merchandise which you have on hand, as shown by your inventory, $2416.20, and place it after *Merchandise, value of unsold*, writing it short, as shown in model, page 35.

2. The excess of the debit over the credit side of your Merchandise account, as shown by your trial balance, is $1736.50. Take this amount and place it after *Merchandise, excess of cost over sales*, writing it short, as shown in model.

3. It is evident, from the above, that you have paid out $1736.50 more than you have received for merchandise, and if you had no goods on hand your loss would be $1736.50; but it is estimated that the goods you have on hand are worth $2416.20, and could be sold for this amount, so in reality you have a profit of $679.70 ($2416.20 - $1736.50 = $679.70). Write your profit in the Gain column after *Merchandise Gain*. (See model.)

4. The debit side of your Expense account is $104 greater than the credit side, so it is evident that there has been a loss on expense of $104. Place this amount after *Expense* in the Loss column.

5. Foot your Loss and Gain columns. The footing of your Gain column is $679.70, and the footing of your Loss column is $104; the difference between the footings is $575.70. As the Gain column is the greater, it is evident that the business has made a profit of $575.70. Write this amount after the words *Net Gain*, in red ink, in the Loss column. Now foot your Gain and Loss columns, and write the footings as shown in model. When an amount is written in red ink, it indicates the difference between two columns, or between two sides of an account. Red ink entries are always placed on the smaller side, and show that the opposite side or column is greater than the column containing the red ink entry by the amount of such entry.

ACCOUNTS OF FINANCE.

The second class of accounts in your trial balance may be called Accounts of Finance, since they represent money value or money indebtedness to the business. They comprise the resources or property of the business, and its liabilities or debts, and include such accounts as Cash, Bills Receivable, Merchandise (property on hand), Bills Payable, accounts with persons, etc. The difference between the resources or property of any business and its liabilities or debts will show the present worth of that business, and the Proprietor should have credit for this amount. To ascertain the present worth of the business, you should make out a statement of resources and liabilities. The following is the form of such a statement.

Statement of Resources & Liabilities. Mar. 31, 190-

Mdse.	as per Inventory	4200	
Cash	amount on hand	1825 30	
B. W. Freeman	balance due	296 50	
A. H. White & Co.	. . .	628 45	
J. C. Barnes & Co.	. .	928 90	
W. F. Hyde & Son	. .	388 70	
Bills Rec.	notes on hand	745	
L. C. Kean & Co.	due them		1260
Calhoun, Robbins & Co.	. .		1865
J. D. Leach & Co.	. .		432
Bills Pay.	notes outstanding		1865
Present Worth			
		9012 25	9012 25

HOW TO MAKE OUT A STATEMENT OF RESOURCES AND LIABILITIES.

Take a sheet of journal paper and write at the top thereof, *Statement of Resources and Liabilities, Mar. 31, 19—.* Write on the statement the names of all accounts in your ledger, except your own, Expense, and Loss and Gain, as shown in the above model, but do not put any figures in the amount columns. The left-hand or debit column of your statement is used for your resources; the right-hand or credit column is used for your liabilities.

1. Take the amount of merchandise you have on hand, as shown by your inventory ($2416.20), and place it after *Merchandise*, in the Resource column.

2. The debit side of your Cash account, as shown by your trial balance, is $1145.50 more than the credit side. This is a resource, and should be written after *Cash* in the Resource column.

3. The debit side of the account of W. A. Scott, as shown by your trial balance, is $377 more than the credit side. This is a resource, and should be placed after *W. A. Scott* in the Resource column.

4, 5. Treat the accounts of S. A. Dodge & Co., J. S. Sumner, E. H. French & Co., Emerson & Sons, Wm. Archer & Co., Weston & Hill and Roberts Bros. in a similar manner.

6. The debit side of your Bills Receivable account, as shown by your trial balance, is $669.50 more than the credit side. Place this amount in your Resource column. In making up your statement all resources should be given first, then the liabilities.

7. By referring to your trial balance, it is ascertained that the credit side of your Bills Payable account is $845 more than the debit side, hence you have a liability of $845. This amount should be placed after *Bills Payable* in your Liability column.

8. By referring to your trial balance, it is ascertained that the credit side of the account of A. J. Lane is $302 more than the debit side. Place the amount after *A. J. Lane* in the Liability column.

9, 10. Treat the accounts of W. H. Stevens, F. A. Smith & Co., Rice, Miller & Co., H. S. Clough & Co. and Kidder & Hill in a similar manner to that of A. J. Lane.

11. Find the difference between your Resource and Liability columns. The difference in the present instance is $3042.70. Place this amount in your Liability column, in red ink, after the words *Present Worth*. The difference between the resources or property of any business and its liabilities or debts will show the present worth of that business. In case the liabilities or debts should exceed the resources or property, it is evident that there would be no present worth, and that the business would be insolvent; that is, it could not pay its debts if called upon to do so.

12. You will now make out a proof of your statement of resources and liabilities. See model below.

Proof of Statement.

D. H. Martin Proprietor.	Invested	3300.	
	Withdrew	141.25	
	Net Investment		3158.75
	Net Gain		431.50
	Present Worth		3590.25

The amount of the Proprietor's investment is taken from the credit side of his ledger account. In your ledger this amount is $2500. The amount of his withdrawals is taken from the debit side of his ledger account. In your ledger this amount is $33. Subtract the withdrawals from the investment, which will give you the net investment, and in your case the amount is $2467. Place this after your name, as shown in model.

13. The amount of your gain, as shown by your loss and gain statement, is $575.70. Place this after *Net Gain*.

14. Your net gain added to your investment should give the present worth of the business, which is $3042.70. This amount agrees with the amount shown in the statement of resources and liabilities, hence the statement is correct. If the business shows a loss, the amount of the loss should be subtracted from the net investment to find the present worth.

QUESTIONS.

1. Define buying on account.
2. Define selling on account.
3. When are personal accounts credited? When debited?
4. What is the object of checking from the journal to the ledger after posting?
5. Why should the Merchandise account be debited for freight and drayage?
6. Why should the proprietor be debited for money taken from the business?
7. Define a note.
8. What are bills receivable?
9. When should the Bills Receivable account be debited?
10. What are bills payable?
11. When should the Bills Payable account be credited?
12. When should the Bills Receivable account be credited?
13. When should the Bills Payable account be debited?
14. Define indorsement.
15. How does the trial balance of March 31st differ from those previously taken?
16. What should the bookkeeper's statement show?
17. Define an inventory.
18. Why is it necessary to take an inventory before making a statement?
19. How is an inventory taken?
20. What price is given the goods?
21. Define accounts of business. Give examples of such accounts.
22. What information should a statement of the losses and gains contain?
23. Define accounts of finance.
24. In what statement should these accounts appear?
26. How is the present worth of any business determined?
25. Explain the method of taking a proof of statement of resources and liabilities.

L. M. Harris
PROPRIETOR.

190-					190-				
Jan.	25		7	200	Jan.	1		1	6500
	31	Present Worth				31	Net Gain	1	552 97
			7	052 97				7	052 97
					Feb.	1	Present Worth	6	852 97

Merchandise

190-					190-				
Jan.	3		1	1836	Jan.	4		2	622 60
	10	6320.30 / 3261.72 / 2458.58	4	1260		5		3	598
	15		5	981 50		8		4	742
	20		6	1897 60		12		4	312 87
	25		7	945 20		16		5	644
	31	Gain	1	751 17		26		7	942 25
						31	Inventory		3210 25
			7	071 97				7	071 97
190-									
Feb.	1	Inventory	3	210 25					

Expense

190-									
Jan.	5		2	125				1	
	10		4	52 50					
	13		5	21 20					
				198 70					198 70

Loss & Gain

190-					190-				
Jan.	31	Expense	1	198 70	Jan.	31	Mdse.		751 67
	31	L. M. Harris	1	552 97					
				751 67					751 67

Cash

190-					190-				
Jan.	1	5775.47	1	6500	Jan.	3	1	1836	
	4	4476.20	2	62260		5	3	125	
	6	4299.27	3	598		10	4	5250	
	15		5	31287		13	5	2120	
	18		6	7425		20	6	1260	
						25	7	200	
						30	8	9815	
					31	Balance		42927	
				£7754.47				£7754.47	
190-									
Feb.	1	Balance		42927					

A. B. Case

190-					190-			
Jan.	12		4	31287	Jan.	15	5	31287
	26		7	94225				

D. E. Frye

190-					190-			
Jan.	30	96.50	6	9815	Jan.	15	5	9815
						25	7	34520

55

Bills Receivable

190-					190-			
Jan.	8	10 ds.	4	742	Jan.	18	6	742
	16	60 "	5	644				

Bills Payable

190-					190-				
Jan.	20		6	1260	Jan.	10	10 ds.	4	1260
						20	4 ms.	6	189760

MODEL LEDGER.

The preceding two pages represent a model ledger properly closed and ruled. The student should carefully examine the form and ruling.

HOW TO CLOSE THE LEDGER.

Close your accounts of business first, then your accounts of finance.

Merchandise.—The first account in your ledger which shows a loss or a gain is Merchandise. The debit side of this account is $1736.50 more than the credit side. This indicates that you bought $1736.50 worth more merchandise than you have sold, but you still have on hand (see inventory, page 35), $2416.20 worth of merchandise. It is presumed that you can sell this merchandise for its cost value, $2416.20; if so, *Merchandise* should be credited for this amount. Place your inventory on the credit side of your Merchandise account in red ink. Write *March 31* in the date column, the word *Inventory* in the explanation column, and *$2416.20* in the amount column. (See illustration below; also see illustration in model ledger, page 40.) The footing of the credit side of your Merchandise account, including the inventory, is now $8533.20. The footing of the debit side is $7853.50. As the footing of the credit side is the larger, it is evident that there has been a gain of $679.70 ($8533.20—$7853.50=$679.70). Place the amount of the gain, in red ink, on the debit side of Merchandise account, writing *March 31* in the date column, the word *Gain* in the explanation column, and *$679.70* in the amount column. (See illustration below; also model ledger, page 40.) Foot your Merchandise account, rule it, and bring your inventory below the ruled lines on the debit side.

Merchandise

190-					190-				
Feb.	1		2	1865 25	Feb.	5		2	600
	20		5	1545 50		7		2	850 25
	28		7	694 40		14		3	425 50
Mar.	6		8	918		20		5	840
	15		9	1265		26		6	912 75
	29		11	1500	Mar.	3		7	1220
	31	Gain	31	1207 80		7		8	410 50
						15		9	650
						22		10	915 25
						28		11	6100
						31	Inventory		2072 45
				8995 95					8995 95
Apr.	1	Inventory		2072 45					

When you commenced the closing process your ledger was in balance, as shown by the trial balance. A double entry ledger should always be in balance; that is, its debits should always equal its credits. In closing the Merchandise account you made a credit entry of $2416.20 with no corresponding debit. By transferring this amount, in black ink, to the debit side of Merchandise on the first line below the ruling under date of April 1, you restore the equilibrium of the ledger, so far as this entry is concerned. You also show what the merchandise has cost which you now have on hand.

All red ink entries which you make in your ledger must be transferred to the opposite side of the account in which they are made, or to the opposite side of some other account; otherwise the ledger will be out of balance.

You made an entry of the gain ($679.70), in red ink, on the debit side of your Merchandise account, which of course throws your ledger out of balance. Transfer this amount, in black ink, to the credit side of the Loss and Gain account, writing the page of Merchandise in the folio column of the Loss and Gain account and the page of Loss and Gain in the folio column of the Merchandise account. (See illustration below.)

Loss & Gain

					190- Mar. 31	Mdse.	1	1207	80

You have now restored the equilibrium of the ledger and placed the amount of your gain from merchandise on the gain side of the Loss and Gain account. All gains of the business are placed on the credit side of this (Loss and Gain) account, and all losses of the business are placed on the debit side. In the space for the explanation we write *Mdse.* for the purpose of indicating the source from which the gain was produced. The student should examine model ledger on page 40, and trace the gain from the Merchandise account to the Loss and Gain account.

Expense.—The debit side of the Expense account is $104. As there is nothing on the credit side, it is evident that expense has cost the business $104. Write the amount of the loss on the credit side of the Expense account, in red ink, and foot and rule the account. (See illustration below.)

Expense

190- Feb.	13		2	150	Mar. 31	Loss	3	532	50
	15		5	60					
	28		7	62 50					
Mar.	1		7	150					
	20		10	45					
	31		12	65					
				532 50				532	50

Transfer the loss ($104) of the Expense account to the debit side of the Loss and Gain account—this restores the equilibrium of the ledger—and place the loss on the loss side of the Loss and Gain account.

The following represents a Loss and Gain account as it will appear after the transfers have been made. The figures in the amount columns are different from your figures.

Loss & Gain

190-							190-				
Mar.	31	Expense	1	532	50		Mar.	31	Mdse.	1	1207 80

Loss and Gain.—Your Loss and Gain account now contains on the debit side the names of all accounts that show a loss to the business, and on the credit side the names of all accounts that show a gain. This being the case, it is evident that the difference between the sides of the Loss and Gain account will show the net gain or net loss to the business. As the credit side of this account is $575.70 in excess of the debit side, it is evident that the business has gained $575.70. Place this amount on the debit side of the Loss and Gain account, in red ink, writing the name of the proprietor (yourself) in the explanation column, and foot and rule the account.

The following represents a Loss and Gain account properly closed. The figures in the amount columns are different from your figures.

Loss & Gain

190-							190-				
Mar.	31	Expense	1	532	50		Mar.	31	Mdse.	1	1207 80
	31	Student's Name, Proprietor	1	675	30						
				1207	80						1207 80

Proprietor's Account.—The amount of the net gain ($575.70), as shown by the Loss and Gain account, should be transferred to the account of the Proprietor (student). Write, in black ink, on the credit side of the Proprietor's account, *Net Gain, $575.70.*

The following represents the Proprietor's account as it should appear at the present time. The figures in the amount columns are different from your figures.

Student's Name, PROPRIETOR.

190-					190-				
Feb.	28		7	125	Feb.	1		1	7000
Mar.	31		12	150	Mar.	31	Net Gain	3	675 30
				275					

The debit side of the Proprietor's account shows withdrawals to the amount of $33; the credit side shows an investment of $2500 and the gain, $575.70, making a total of $3075.70. It is evident that the present worth of the business may be found by taking the difference between the sides of the Proprietor's account. The difference between the sides is $3042.70. Make an entry on the debit side of the Proprietor's account, in red ink, for this amount, and foot and rule the account. Transfer the amount, in black ink, to the opposite side of the Proprietor's account on the first line below the ruling under date of April 1st.

The following represents the form of a Proprietor's account properly footed and ruled. The figures in the amount columns are different from the figures in your books.

Student's Name, PROPRIETOR.

190-					190-				
Feb.	28		7	125	Feb.	1		1	7000
Mar.	31		12	150	Mar.	31	Net Gain	3	675 30
				275					
	31	Present Worth		2742 30					
				7675 30					7675 30
					Apr.	1	Present Worth		7402 30

Accounts of Finance.—With the exception of the Proprietor's account, it is not customary to close the accounts of finance. Should a personal account balance at any time, it may be footed and ruled, or a single red line may be drawn under each side to indicate that the account balances. (See model on page 41.) Should it be desired to close the accounts of finance at any time, this may be done by taking the difference between the sides and placing it on the smaller side, in red ink, writing the word *Balance* in the explanation column. (See Cash account in model ledger, page 41.) The accounts may then be footed and the red ink balance brought below the ruled lines on the opposite side from which it is written.

INSPECTION BY TEACHER.

Your ledger is now closed. Present the work to your teacher for inspection. Be sure that every detail has received proper attention, and that no dates, page marks, nor explanations have been omitted. Notice the fact that your closing entries in the ledger are in red ink, and that all transfers are in black ink. Some accountants use no red ink, but make all entries and rulings in black ink.

PROOF TRIAL BALANCE.

After closing the ledger, the student should take off a proof trial balance in order to be sure that the ledger is in balance before making additional entries therein.

HOW TO MAKE OUT A PROOF TRIAL BALANCE.

Take a sheet of ordinary journal paper, and at the top write the heading *Proof Trial Balance, March 31, 190–.* Do not write the names of the accounts in the explanation column, as the amounts are sufficient for this work (see illustration, page 47). Commence with the first account in your ledger. If the balance is on the debit side, write the balance in the debit column of your proof trial balance; if the balance is on the credit side, write the balance in the credit column. In the present instance the balance as shown by your account is $3042.70. Place this in the credit column of your trial balance. The balance as shown by your Merchandise account (as brought below the ruled lines) is $2416.20. Place this in the debit column of your trial balance. There is no balance shown by the Expense account or Loss and Gain account, so omit these accounts from your trial balance. The balance shown by your Cash account is $1145.50. Place this in the debit column of your trial balance. Continue this process until the balances of all the accounts in your ledger have been placed on your trial balance, then foot your trial balance. If it balances, present it to your teacher for examination and approval.

QUESTIONS.

1. What class of accounts should be closed first?
2. What should be done with inventories?
3. In what color should they appear on the ledger?
4. In what color should closing entries always be written?
5. In what color should transfers be written?
6. What should the debit side of the Loss and Gain account show?

Proof Trial Balance

1			3042 70
1		2416 20	
3		1145 50	
4		669 50	
4		377	
4		465	
4		370	
5		72	
5		95	
5		70	
5		267	
6		225	
7			845
7			302
7			98
7			300
8			937 50
8			779
8			468
		6172 20	6172 20

7. When all transfers have been made, what should the credit side of the Loss and Gain account show?

8. What should the difference between the two sides of the Loss and Gain account show? To what account should this difference be transferred?

9. How should the Proprietor's account be closed?

10. Where should the Proprietor's present worth appear after the ledger is closed?

11. Where should the inventory of merchandise appear after the ledger is closed?

12. If accounts of finance are closed, what is the process?

13. What is the object of a second trial balance after closing the ledger?

14. Explain the process of taking a second or proof trial balance.

THE TEST LEDGER NO. 1.

Apply to your teacher for test ledger number one. Take a trial balance, make statements of losses and gains and resources and liabilities, close the ledger according to instructions given below, and present it to your teacher for examination and approval.

DIRECTIONS FOR CLOSING TEST LEDGER NO. 1.

Write, in red ink, on the credit side of Merchandise account, *Inventory*, with the amount, *$2539.45*. Foot the credit side of the Merchandise account and on the debit side write, in red ink, *Gain*, with the amount $———. Rule the account and foot the debit side. Transfer the inventory to the opposite side of the Merchandise account under date of Oct. 1, and the gain to the credit side of Loss and Gain account. In what color should transfers be made?

Write on the credit side of Expense account, *Loss*, *$125*, in red ink. Rule and foot the account. Transfer the red ink entry to the opposite side of Loss and Gain account.

Close your Loss and Gain account by writing, in red ink, *T. M. Hunter*, on the smaller side of the account. Rule and foot the account. Transfer the red ink entry to the opposite side of T. M. Hunter's account.

Close T. M. Hunter's account by writing, in red ink, *Present Worth* on the debit side with the necessary amount to balance the account. Transfer the present worth to the opposite side of T. M. Hunter's account under date of Oct. 1.

Remember that closing entries are always made in red ink and transfers in black ink. Present your test ledger to your teacher for approval.

TEST LEDGER NO. 2.

Apply to your teacher for test ledger number two. Take a trial balance, make statements, close the ledger, and present to your teacher for examination and approval.

DIRECTIONS FOR CLOSING TEST LEDGER NO. 2.

Close Merchandise account as in test ledger No. 1, and as in ledger for March.

Close Expense account as in test ledger No. 1, and as in ledger for March.

On the credit side of Merchandise Discount write, in red ink, *Loss*, with the amount required to balance the account. Transfer this red ink entry to the debit side of Loss and Gain.

Close Loss and Gain account as in test ledger No. 1, and as in ledger for March.

Close T. W. Bowen's account as the Proprietor's account is closed in test ledger No. 1, and as in ledger for March.

Be sure that you make no red ink entries without making transfers. Always make closing entries in red and transfers in black.

The amount of the inventory is $4502.96.

INSTRUCTIONS TO THE STUDENT.

You are now to act as bookkeeper for James M. Hastings, who commences the Flour, Grain and Produce business to-day (April 1), at 146 Elm St., your city. You will receive a salary of $60 per month. Your teacher will furnish you all the vouchers (business papers) and blank forms necessary to perform the numbered transactions which follow.

You will get the same experience you would in a real business, so far as it is possible within the limits of a school to give this experience. Bills of merchandise bought, and other business papers, will be given you by your teacher, or will come from a pad of incoming vouchers, just as they would come to the business house by mail. These papers are similar in every respect to those used in business. All papers issued by the business are to be written up by you, and all transactions must be recorded in the books exactly as in real business.

As Mr. Hastings attends to the buying and selling, and is absent from the city a large part of the time, it will be necessary that you sign and indorse notes, checks and other negotiable paper during his absence, as well as keep the books of the business. In order to do this, you must have a power of attorney. Mr. Hastings gives this to you, and it forms the first of your incoming vouchers, which you will find in a pad marked "Incoming Vouchers." Remove this power of attorney from the pad and fill out the blank spaces. Read it carefully and see what powers it confers upon you, then fold lengthwise and write on the upper right-hand corner, *Power of Attorney, J. M. Hastings, April 1*, and the current year, and place the paper in your Voucher File.

A power of attorney is a legal document which confers upon the holder the right to perform certain acts specified therein, in the name of some other person who issues the power of attorney. It is generally witnessed by a notary public, who stamps the document with his seal.

Such a power of attorney as you have received should be presented at the bank with which the maker does business, and also at the post-office and express office, as it gives the holder the right to indorse post-office and express money orders in the name of the maker.

You will receive all goods purchased, deliver the goods sold, and make a full and complete record in the books of the business of all transactions which may occur.

The work in your books will not be like the work of any other student. Your selling price-list will be assigned by your teacher from the numbered lists found in the text-book, page 66. Your price-list will be unlike that of any other student, and you must adhere strictly to this price-list in order to get correct results.

Do not compare your books with those of other students. The results will be different, and you cannot learn too early the habit of self-reliance. Understand *why* you make each record, and you will succeed.

Before making the entry in your books for any transaction, determine first which accounts are affected by that transaction, and then which account is to be debited and which is to be credited, by applying the rules for debit and credit in the journal exercises to which you will be referred by number.

Books Kept.—The books which you will keep in this work are the journal-daybook and the ledger as principal books, and the check book as an auxiliary book.

WORK FOR THE STUDENT.

No. 1.—APRIL 1. After reading your instructions carefully, ask your teacher to assign you a selling price-list, and take from your incoming voucher pad the cash which shall constitute Mr. Hastings' investment. After this has been done, count your cash and place it in the envelope entitled "Cash Drawer," which you will find in your large envelope entitled "Business Forms."

Determine the debit by reading rule 3, page 10; determine the credit by reading rule 4, page 11. For transaction similar to this, see transaction No. 1, page 10. Make proper entry in your journal-daybook. The following illustrates the form of your entry, though the amounts and explanation are different.

April 1, 190–

Cash		Commenced the Flour, Grain and Produce business, investing cash, $4000.	4000		
	E. E. Myers				4000

No. 2.—APRIL 1. Mr. Hastings has rented the building at 146 Elm St. from R. B. Hines. According to the lease he is to pay $100 per month rent. Pay the rent for April in cash, placing the cash in your "Cash Paid Out" envelope.

Determine the debit by rule 5, page 11; determine the credit by rule 6, page 11. The following illustrates the form of your entry, though the amounts and explanation are different.

Expense		Paid one month's rent in cash	75		
	Cash				75

FIGURES IN THE CENTS COLUMN.—When the amount to be written consists of an even number of dollars, it is the custom of some bookkeepers to leave the cents column blank, while others write two ciphers in that column. A common error in bookkeeping is to omit the cents of an amount. If the ciphers are written in the cents column when the amount is an even number of dollars, this error is not likely to occur, otherwise the writing of ciphers in the cents column is a waste of time and makes the addition of a long column of figures more difficult. The better method is to indicate even dollars by writing a light dash in the cents column, as shown in the model below.

Flour,	250 brls.,	at 4.50	1125 —	
Oats,	600 bu.,	36¢	216 —	
Corn,	225 bu.,	50¢	112 50	
Rye,	101 bu.,	50¢	50 50	
Barley,	100 bu.,	48¢	48 —	1552 —

In paying out money always make payment in bills of the largest denominations possible. In this instance you should take a hundred-dollar bill. Should you have occasion to pay out $75, you should make payment by using one fifty-dollar bill, one twenty-dollar bill, and one five-dollar bill.

Read the lease carefully and see what rights and restrictions it mentions. Place the receipt and the lease in the envelope marked "Voucher File."

No. 3.—APRIL 2. This bill shows a cash purchase from Daniels Bros. of 200 brls. flour at $4.20 per brl., 400 bu. oats at 23¢ per bu.

You will find this invoice (No. 3) with merchandise cards (No. 3) on a pad in your envelope entitled "Incoming Vouchers." The vouchers, cards, etc., on this pad are numbered to correspond with the numbers of the transactions in this book. Be sure that the number of the voucher and the number of the transaction agree before attempting to make a book entry. Detach the invoice and the merchandise from the pad. See that you have on your cards the amount of flour and oats called for in the bill, and if so, check each item on the bill, using pen and ink and placing a check mark in the vertical column at the left of the bill. See that the multiplications and additions are correct, placing a check mark against each correct amount at the right. If the bill is correct, write *O. K.*, with your initials underneath, in the lower left-hand corner. The following represents the form of a bill after it has been treated as explained above.

Book _____ Page _____

New York 454 Broome St. | Manchester 17 Nicholas St. | Paris 39 Rue de l'Echiquier | Chemnitz 23 Theater Strasse

SIBLEY, LINDSAY & CURR CO.

Directors:
R. A. Sibley,
A. M. Lindsay,
T. P. Johnston,
A. G. Townsend,
F. R. Peyton.

Rochester N.Y. Apr. 1, 190—

Sold to E. A. French.
Nashua, N.H.

Terms Cash.

	✓	20 brls. N. Star Flour	4.20	90	00	✓	
	✓	20 " Pastry "	5.00	100	00	✓	
	✓	30 doz. C. Tomatoes	1.10	33	00	✓	
	✓	24 " C. Corn	1.15	27	60	✓ 250	60

Received Payment
Sibley Lindsay & Curr Co.
per Mills.

O. K.
J. M.

If the bill is correctly made out, take the money to pay it from your Cash Drawer, and place it in "Cash Paid Out" envelope. Place the merchandise in the envelope marked "Store Room." Determine the journal entry by referring to rule 7, page 12, and rule 6, page 11. The following illustrates the form of your entry, though the amounts and explanation are different.

	Mdse.	2 Bot. of Sibley, L. & Co. mdse. as per invoice	250 60		
	Cash			250	60

Fold the bill lengthwise, face outward, and write across the face, *Entered*, with the date underneath. Place it in the envelope entitled "Voucher File."

No. 4.—APRIL 2. This bill shows a purchase from D. Deavenport & Co., for cash, of 1200 bu. corn at 28¢ per bu., 150 brls. apples at $1.65 per brl.

Check and O. K. the bill as in No. 3. Take cash to pay the bill from your Cash Drawer, and place in "Cash Paid Out" envelope. Place the merchandise in the Store Room. Your journal entry will be similar to No. 3. Fold the bill, write *Entered* across the face, and file as in No. 3. Follow all instructions in the exact order in which they are given.

No. 5.—APRIL 3. Mr. Hastings has taken this order and received the cash for the goods, 50 brls. apples, 50 brls. flour.

Copy the selling price-list which your teacher assigned you on voucher No. 5a, and paste it on the inside of the front cover of your text-book.

Select from your Store Room the merchandise which the order calls for, and make out a bill to J. A. Barker at your selling price on one of the blank billheads which you will find in your envelope entitled "Business Forms." Use one of the bills in your Voucher File as a model.

After making out the bill, review your multiplications and additions so as to be positive that they are correct. Remember that bills sent from an office *must* be right. If the bill is correctly made out, its amount will agree with the cash received with the order (No. 5), and you may receipt the bill and place the cash in your Cash Drawer.

Place the merchandise and the receipted bill in the envelope entitled "Vouchers for Others." Determine the debit by reading rule 3, page 10; determine the credit by reading rule 8, page 12. The following illustrates the form of the journal entry, though the amounts and explanation are different.

	Cash	3 Sold M. B. Dale	82 50		
	Mdse.	10 brls. Flour 5.25			
		12 " Apples 2.50		82	50

You will notice that all merchandise which you sell is itemized in your journal-daybook, while that which you buy is entered in total only. In selling merchandise you give a bill to the person to whom the sale is made, and to preserve a complete record of the sale you must enter the items singly in your journal-daybook, for the purchaser may require of you a duplicate bill at any time, and unless you have the items in your books it will be impossible to prepare the duplicate.

When you buy merchandise you receive a bill, and as this bill is on file you can refer to it at any time that you desire to examine the items, so that it is necessary to enter the total only in your journal-daybook.

No. 6.—APRIL 3. Purchase, for cash, from L. A. Wright & Co., 1000 bu. oats, 125 brls. flour.

You will find this invoice (No. 6) and the merchandise cards (No. 6) on the pad of incoming vouchers. Detach the invoice and the merchandise from the pad, and compare the merchandise cards with the items on the invoice; if correct, check the items and verify the calculations.

Pay the bill by taking the proper amount of cash from your Cash Drawer and placing it in the envelope entitled "Cash Paid Out." In paying cash in this work always place the cash in the envelope entitled "Cash Paid Out." This envelope will be delivered to your teacher after the work has been completed.

Place the merchandise in the Store Room and make proper entry in your journal-daybook. (For entry similar to this, see transaction No. 3, page 51.) Fold and file your invoice according to instructions given in transaction No. 3, page 52.

No. 7.—APRIL 4. You have purchased, for cash, books and stationery as per invoice No. 7.

Take the invoice (No. 7) from your incoming voucher pad, verify, and if correct write your initials under the O. K. and pay the bill, placing the cash in the envelope entitled "Cash Paid Out." Determine the account to be debited by reading rule 5, page 11; determine the account to be credited by reading rule 6, page 11. Fold and file the bill.

No. 8.—APRIL 4. Sell E. M. Smythe & Co., for cash, 900 bu. oats, 900 bu. corn at your selling price.

Proceed according to directions given in transaction No. 5, page 52. Place the merchandise cards, with a receipted bill, in Vouchers for Others. Always count your cash before receipting a bill. Determine the debit by rule 3, page 10; determine the credit by rule 8, page 12.

No. 9.—APRIL 4. You have bought merchandise on account, as shown in invoice (No. 9).

Detach the invoice and the merchandise cards from the pad. Verify the calculations and O. K. the bill; if it is correct, place the merchandise in the Store Room. Make the proper entry in your journal-daybook. For entry similar to this, see transaction No. 15, page 23. Determine the debit by rule 7, page 12; determine the credit by rule 9, page 23.

This bill is not receipted. Why not? Fold lengthwise, write *Entered* across the face, with the date, and place it in your Invoice File. Place all bills bought on account in the envelope entitled "Invoice File."

No. 10.—APRIL 4. FIRST REPORT. Detach the report blank (No. 10) from your incoming voucher pad, and from your journal entries determine how much cash has been

received. This will be shown by taking the sum of your cash debits. Write the amount opposite *Cash Received* in the report. From the cash credits in the journal find how much cash has been paid out, and write it opposite *Cash Paid Out* in the report. Write the difference between the cash received and the cash paid out opposite *Cash on Hand* in the report. This amount should agree with the amount of cash in your Cash Drawer; if it does not, trace the error. From the credits of merchandise in your journal find how much merchandise you have sold, and place it opposite *Bills of Merchandise Sold* in the report. These are all the results required in the first report.

You will now present the report to your teacher, with your journal, "Vouchers for Others" and "Cash Paid Out" envelopes. Examine every voucher carefully to see that it is correctly made and checked, as well as neatly written. Poor work will not be accepted, and it is a waste of time to hand it in. Rewrite all work that is not your best before presenting it for inspection. If your work meets your teacher's approval, he will retain your Cash Paid Out, returning the remainder of your vouchers with your journal.

No. 11.—APRIL 5. Mr. Hastings has decided to open a bank account and has selected the Commercial Bank as the institution with which to do business.

Method of Opening a Bank Account.—If the person who wishes to open a bank account is not acquainted with the officers of the bank, he should get some one to introduce him. At the time of the introduction the cashier takes the depositor's signature in a signature book or on a card. The following represents the form of signature card when a person signs as attorney.

FORM OF SIGNATURE CARD.

R

NAME.	BUSINESS.	BY WHOM INTRODUCED.
F. A. Rand by J. A. Lane, Atty.	Dry Goods	Reed & Hayes

In this instance you represent Mr. Hastings, and he has given you the power of attorney to sign his name. Take the power of attorney (No. A) from your Voucher File, and read it carefully. Next detach the blank card (No. 11) from your incoming voucher pad, and write the name of J. M. Hastings and your name thereon, according to form shown above. You should write the signature on the card in the exact manner in which you propose to write it on checks. Give the card to the bank. In case there is no regular bank in the school, your teacher will receive your signature card and transact with you the business of the bank. Make out a deposit ticket for $5000. The model shown on page 55 illustrates the form of ticket you should make out.

In making out a deposit ticket be sure to list currency and checks separately. Each check should be set down as a separate and distinct item. Take $5000 in cash from the Cash Drawer, and take the money, deposit ticket and bank pass book to the bank and present them to the teller, who will receive the cash and give you credit for the amount, by entering it upon the left-hand page of the bank pass book, with the date and his initials. (If the school has no regular bank, go to your teacher, who will make the teller's entry.)

FORM OF DEPOSIT TICKET.

DEPOSITED BY

J. A. Rand

IN

COMMERCIAL BANK

April 5, 190

	Dollars	Cents.	
Currency	5000		
Checks			
"			
"			
"			
"			
"			
"			
"			
"			
"			

Make a record of the deposit on the stub of the check book according to the following form.

FORM OF CHECK AND STUB.

Deposited Apr. 5, 190 — 5000 00

No.

Date ____ 190

Order of

For

Amount of Bill, $

Discount ___ % $

Amount of Check, $

47 East Main St.

(Your place here.) 190 No.

Commercial Bank

Pay to the order of $

Dollars

Make no journal entry for this transaction. The $5000 has not left the business, but has been placed in the bank for safe keeping and is still at your disposal.

No. 12.—APRIL 5. On your incoming voucher pad you will find an order (No. 12) for merchandise from Chas. E. Hayes, who wishes to purchase on account.

Select the goods from the Store Room and check each item on the order as soon as filled. Make out the bill from your price-list, but do not receipt it. Place the number (12) on the bill. Verify your calculations and make your journal entry. Determine the debit by rule 10, page 24; determine the credit by rule 8, page 12.

In filling orders be sure that the proper merchandise cards accompany each bill. Unless you are careful in this respect, you will not have the right quantity of merchandise on hand when you take your inventory at the end of the month. If you have followed directions, the cards in your Store Room will then agree with the quantity of merchandise on hand.

Place the merchandise and the bill in the envelope entitled "Vouchers for Others." Fold the order lengthwise, face outward, and write *Filled*, with the date, across the face. Place the order in the Voucher File.

No. 13.—APRIL 6. This order calls for merchandise to be sold on account.

Select the goods and check each item upon the order as filled. Verify your calculations and place the order number on this and all following bills. Make entry similar to that for transaction No. 12. Fold and file the order.

No. 14.—APRIL 8. This invoice of merchandise (No. 14) is purchased on account. When terms are not mentioned, it is understood that the purchase is on account. Compare the merchandise with the items on the bill, and check each amount if correct. O. K. the bill, file it, and make your journal entry. Determine the debit by rule 7, page 12; determine the credit by rule 9, page 23.

No. 15.—APRIL 8. You have received cash (No. 15) in part payment of bill sold to Chas. E. Hayes on the 5th inst.

Count the cash, and if correct, write a receipt for the amount, using No. 2 as model. Place the cash in your Cash Drawer and the receipt in Vouchers for Others. Make proper entry in your journal-daybook. Determine the debit by rule 3, page 10; determine the credit by rule 11, page 25.

No. 16.—APRIL 9. Pay Hatheway & Reynolds $400 in cash.

Take the cash from your Cash Drawer and place it in the "Cash Paid Out" envelope, taking a receipt (No. 16) for the amount. Place the receipt in your Voucher File. Make proper entry in your journal-daybook. Determine the debit by rule 12, page 25; determine the credit by rule 6, page 11.

No. 17.—APRIL 10. Mr. Hastings has ordered this merchandise on account from Geo. C. Cary.

Examine the merchandise and see that it corresponds with the quantities called for in the invoice. Check each item, verify the calculations, and O. K. the bill. Make proper entry in your journal-daybook. Determine the debit by rule 7, page 12; determine the credit by rule 9, page 23. Fold the bill and place it in your Invoice File.

No. 18.—APRIL 10. This note has been received from Ellis & Rand in part payment for transaction No. 13.

Examine the note carefully. Who promises to pay the note? Who should receive credit for this note? Make proper entry in your journal-daybook. Determine the debit

by rule 15, page 29; determine the credit by rule 11, page 25. Place the note in your Cash Drawer and keep it there until it is disposed of or paid.

Notes are not cash, but are kept in the Cash Drawer for convenience only.

No. 19.—APRIL 11. This order from Chas. E. Hayes is for merchandise on account.

Select the merchandise from the Store Room and make out the bill. Verify your calculations and make proper journal entry. Determine the debit by rule 10, page 24; determine the credit by rule 8, page 12. Place the bill and the merchandise in Vouchers for Others.

No. 20.—APRIL 12. This invoice is for merchandise purchased from L. A. Wright & Co. on account.

Check each item on the bill as you compare the merchandise with the items. Verify the calculations; if correct, O. K. the bill. Place the merchandise in the Store Room. Make proper journal entry. Determine the debit by rule 7, page 12; determine the credit by rule 9, page 23.

No. 21.—APRIL 14. Give L. A. Wright & Co. Mr. Hastings' note for $400, at 10 days, on account.

Make out a note, using Voucher No. 18 as model; also see form of note, transaction No. 54, page 30. Be sure to fill out the blanks on the stub of your note book before removing the note. Make proper journal entry. Determine the debit by rule 12, page 25; determine the credit by rule 16, page 30. Place this note in the envelope entitled "Bills Payable File," which you will find in your package of Business Forms. Do not lose the contents of this envelope, as you will be required to take from it each note or bill payable when it becomes due.

No. 22.—APRIL 14. This order from Ellis & Rand is for merchandise on account.

Select the goods and make out the bill. Verify the calculations and make journal entry. Place all bills to others with goods sold in Vouchers for Others.

No. 23.—APRIL 16. C. E. Hayes has given his check to apply on account.

The check is regarded as cash, because it can be converted into cash at once by presenting it at the bank. Examine the check carefully to see that it is properly dated, filled out, and signed. Make proper journal entry. Determine the debit by rule 3, page 10; determine the credit by rule 11, page 25. Place the check in your Cash Drawer and count it as part of your cash.

A check is an order written by a depositor, requesting the bank in which he has money deposited to pay a certain amount to some person named, or to his order, upon presentation of the check. The bank will require the person named to be identified, if he is not personally known, and will also require him to indorse the check; that is, write his name across the back at the left end of the check about one inch from the top.

No. 24.—APRIL 16. SECOND REPORT. From your journal find out how much cash has been received since the first report was made out, April 4, and write it opposite *Cash Received*. Find the amount of cash paid out during the same space of time, and place it opposite *Cash Paid Out*. Add the cash received to the cash on hand shown in the first report, and subtract the cash paid out from this amount. The remainder will be the amount of cash on hand; but $5000 of the cash on hand is in the Commercial Bank, as shown by the stub of your check book. Write this $5000 opposite *Cash in Bank*, subtract from the cash on hand, and the remainder will be the amount in the cash drawer, which should agree with the actual currency in your Cash Drawer.

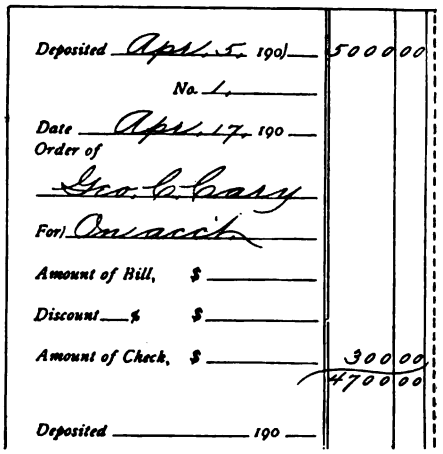
Find the amount of merchandise sold since the first report; also notes issued by the business. The latter will be found by taking the credits of Bills Payable in your journal, which should correspond with the bills payable in your envelope entitled "Bills Payable File."

Examine your vouchers to see that they are correct in every respect. Hand the report, with your journal, Cash Paid Out, and Vouchers for Others, to your teacher.

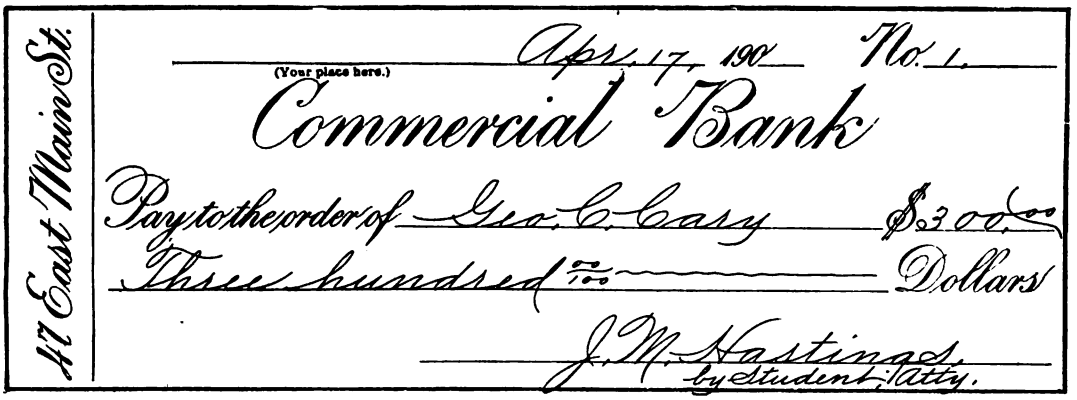
No. 25.—APRIL 17. Give George C. Cary a check for $300, to apply on account.

Open your check book and fill out the stub as shown in the following form of check book stub. The stub is the original entry of this transaction, and should be filled out before the check.

FORM OF CHECK STUB FILLED OUT.



Fill out the check according to form given below.


47 East Main St.
(Your place here.)
Apr. 17, 190 No. 1.
Commercial Bank
Pay to the order of Geo. C. Cary $300.00
Three hundred 00/100 Dollars
J. M. Hastings
by Student Latty.

In filling out a check be sure to commence writing the amount of dollars at the extreme left-hand end, as shown in model, and fill up the blank space after the amount with a waved line. Failure to observe these instructions may render the maker of a check liable, in case the check should be raised by

any dishonest person into whose hands it might happen to fall. Sign the check in the same manner in which you wrote J. M. Hastings' name upon the signature card.

You will notice that the above check is made payable to order. When a check is so written, the holder is compelled to indorse it before obtaining money thereon, or before transferring it to another person. If a check is made payable to bearer, it is transferable upon delivery without indorsement. Most banks require all checks to be indorsed before they will cash them. This is not necessary if the check is payable to bearer, but such practice affords a means of identification should any dispute arise as to who obtained the money.

Remove the check from the check book and place it in Cash Paid Out. Subtract the amount of the check from the amount in the bank, and bring down the balance. Geo. C. Cary will present this check at the bank, and when the bank pays it, the check will be charged to J. M. Hastings' account and deducted from the deposit he has made.

In order to make the check book agree with the bank account, you must subtract all checks when given and add all deposits when made. Errors in the check book are very common, and it will necessitate the utmost care on your part to prevent their occurrence.

No. 26.—APRIL 19. This order calls for a sale of merchandise to T. W. Bowen & Co., on account.

Select the goods to fill the order, checking each item on the order as filled. Make out the bill and verify your calculations. Make proper journal entry. Place the goods and bill in Vouchers for Others. File the order.

No. 27.—APRIL 20. This check has been received from T. W. Bowen & Co., to apply on account.

This check (No. 27) is in part payment of No. 26. What account should be debited? Why? What account should receive credit? Why? Make proper journal entry and place the check in your Cash Drawer.

No. 28.—APRIL 20. Ellis & Rand's note, dated Apr. 10th, is due today, and they have sent a check for the amount (No. 28).

See that the check is properly filled out, and that the amount named in the check agrees with the amount of the note. Take the note from your Cash Drawer, write *Paid* across its face, and place it in Vouchers for Others. Place the check in the Cash Drawer and make proper journal entry. Determine the debit by rule 3, page 10; determine the credit by rule 17, page 31.

No. 29.—APRIL 20. Write a thirty-day note in favor of Geo. C. Cary for balance due him.

Examine the entries in your journal-daybook and be sure that you get the right amount. Make note payable at your office. Journalize the transaction. Determine the debit by rule 12, page 25; determine the credit by rule 16, page 30. Place the note in envelope entitled "Bills Payable File," which you will find in your package of Business Forms.

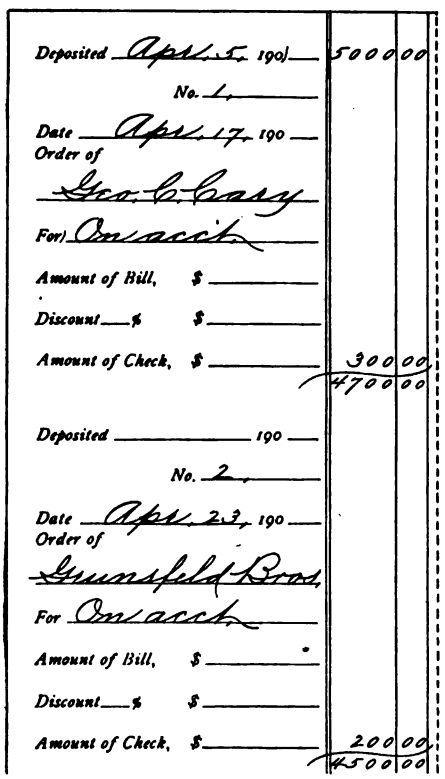
No. 30.—APRIL 23. You have purchased merchandise from Grunsfeld Bros. on account.

Compare the bill received and check the items. Store the merchandise. Make proper journal entry and place the bill in the Invoice File.

No. 31.—APRIL 23. Pay Grunsfeld Bros. by check, $200, on account.

Fill out the stub of the check and deduct the amount from the balance in bank, as shown on the stub. The following illustration represents the stub of your check book properly filled out to date.

FORM OF CHECK STUB FILLED OUT.



Fill out check in favor of Grunsfeld Bros. for $200. Remove the check from your check book and place it in Cash Paid Out. Make proper entry in your journal-daybook. Determine the debit by rule 12, page 25; determine the credit by rule 6, page 11. Do not omit any of the details of this transaction.

No. 32.—APRIL 24. The note (No. 21), in favor of L. A. Wright & Co., is due to-day, and you pay it with a check.

From your envelope entitled "Bills Payable File" remove the note given L. A. Wright & Co., dated April 14th. Fill out the stub of your check book, and deduct the amount from the balance in bank; then fill out the check, remove it from your check book and place it in your Cash Paid Out. Write *Paid, April 24*, in red ink, across the face of the

note. Place the canceled note in your Voucher File. Make your journal entry. Determine the debit by rule 18, page 31; determine the credit by rule 6, page 11.

No. 33.—APRIL 25. Mr. Hastings has purchased merchandise from Bernet & Craft, on account.

Compare the merchandise received with the bill and check each of the items. Store the merchandise. Make your journal entry, and place the bill in the Invoice File.

No. 34.—APRIL 26. This order calls for a sale of merchandise to H. A. Woodbury, on account.

Select the merchandise called for and check the items on the order. Make out the bill and verify your calculations. Make your journal entry, and place the bill and merchandise in the proper receptacle. Place the order in your Voucher File.

No. 35.—APRIL 27. J. M. Hastings requires $75 for his own use, and he draws the amount from the business by check.

Fill out the stub of your check book, then make the check and deduct the amount from the balance in the bank, as shown on the stub of your check book. Remove the check and place it in Cash Paid Out. Make your journal entry. Determine the debit by rule 14, page 28; determine the credit by rule 6, page 11.

When money is drawn for private use, the check should be made payable to the proprietor's name. If the cash were drawn for use in the business, the check should read, *Pay to the order of Cash.*

No. 36.—APRIL 28. This order calls for a sale of merchandise to T. W. Bowen & Co., on account.

Make the bill for order (No. 36), selecting the goods from the Store Room and checking each item on the order. Verify your calculations and make the proper journal entry.

No. 37.—APRIL 30. Pay drayage bill (No. 37) with check.

Fill out the stub, write the check, and deduct the amount from the bank balance. (This transaction is similar to No. 42, page 27.) Place the check in Cash Paid Out.

No. 38.—APRIL 30. T. W. Bowen & Co. have given their note (No. 38) to apply on account.

Determine the debit by rule 15, page 29; determine the credit by rule 11, page 25. Place the note in Cash Drawer.

No. 39.—APRIL 30. Mr. Hastings has sold merchandise to H. A. Woodbury.

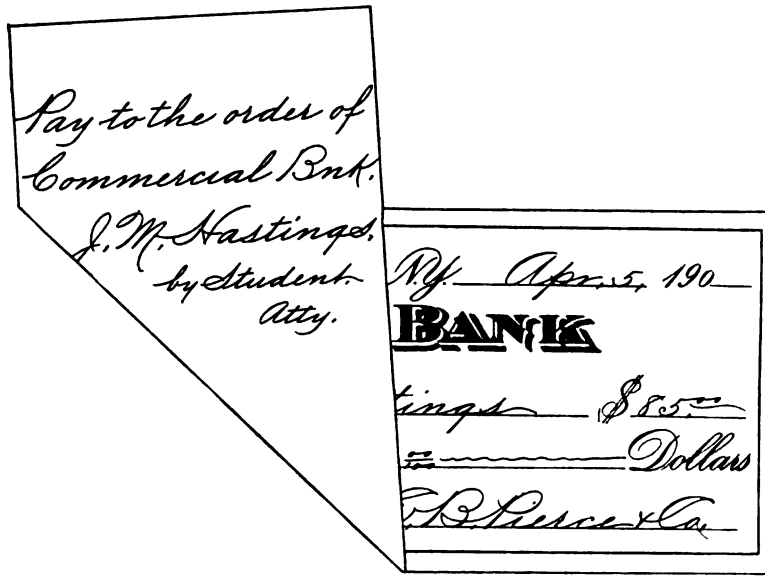
Fill order (No. 39) from your Store Room, checking each item from the order. Make the bill and verify your calculations. Make the proper journal entry, and place the bill and the merchandise in Vouchers for Others. Place the order in your Voucher File.

No. 40.—APRIL 30. You may draw a check to your own order for the amount of your salary.

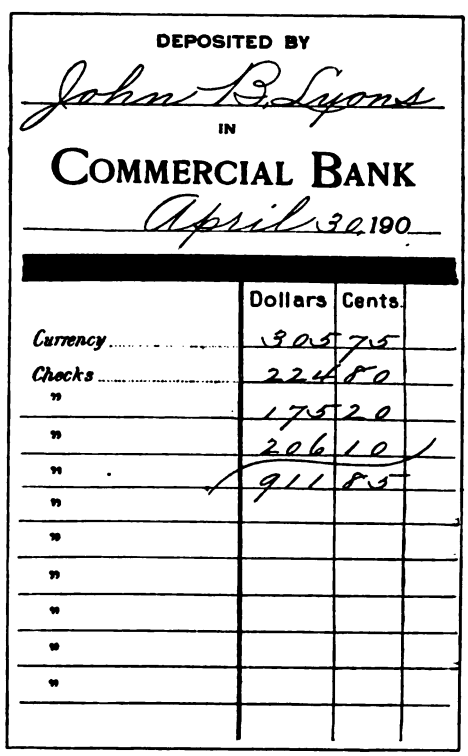
No. 41.—APRIL 30. Take from your Cash Drawer all currency and all checks made payable to the order of J. M. Hastings. Leave the notes payable to his order in the Cash Drawer. *They are not cash.* Indorse the checks, by writing across the back, about one

and one-half inches down from the left end of the check, *Pay to the order of Commercial Bank, J. M. Hastings, by* (Student's Name), *Atty.* (See form below.)

FORM OF CHECK, INDORSED.



FORM OF DEPOSIT TICKET.



Take a blank deposit ticket and write opposite the word *Currency* the amount of bills in your Cash Drawer, and under *Checks* write the amount of each individual check separately on the deposit ticket.

The accompanying illustration represents a deposit ticket properly filled out. The items are different from those on your deposit ticket.

Place the currency, checks and deposit ticket in your bank pass book, and present to the teller, or to your teacher if no bank is used in connection with the work. See that the proper amount is entered in the bank pass book, and add this amount to the balance in the Commercial Bank, as shown by the stub of your check book. Leave your bank pass book at the bank to be written up.

No. 42.—APRIL 30. THIRD REPORT. Prepare your report blank, showing cash received, cash paid out, cash on hand in the Commercial Bank, merchandise sold, and such other results as are called for on the report blank. Hand the report, together with your vouchers and journal-daybook, to your teacher.

No. 43.—APRIL 30. Draw a check on the Commercial Bank, in favor of your teacher, for the amount of your bank balance, and give the check to him.

POSTING.

In your ledger, at the top of page 1, write *J. M. Hastings;* 15 lines below write *Merchandise.* At the top of page 2 write *Expense,* and 15 lines below write *Loss and Gain.*

These accounts make a section of the ledger containing all the business accounts (see page 35), or accounts showing losses or gains; the Loss and Gain account, where these gains and losses are gathered under one head (see page 40); and the Proprietor, who receives the gain from the business or sustains the loss, should there be one.

On page 3 of your ledger, at the top, write *Cash;* 18 lines below write *Chas. E. Hayes;* and 15 lines below this write *Ellis & Rand.* At the top of page 4 write *T. W. Bowen & Co.;* 15 lines below write *H. A. Woodbury;* and 15 lines below this write *Bills Receivable.*

These accounts make a section of your ledger containing accounts of finance (see page 36), which show in their balances resources to the business (see page 37). In large business houses accounts with persons owing the business are generally kept in a separate ledger, called the "Customers' Ledger" or "Accounts Receivable Ledger."

At the top of page 5 write *Hatheway & Reynolds;* 15 lines below write *Smith & Dorothy;* and 15 lines below this write *Geo. C. Cary.* At the top of page 6 write *L. A. Wright & Co.;* 15 lines below write *Grunsfeld Bros.;* 15 lines below this write *Bernet & Craft;* at the top of page 7 write *Bills Payable.*

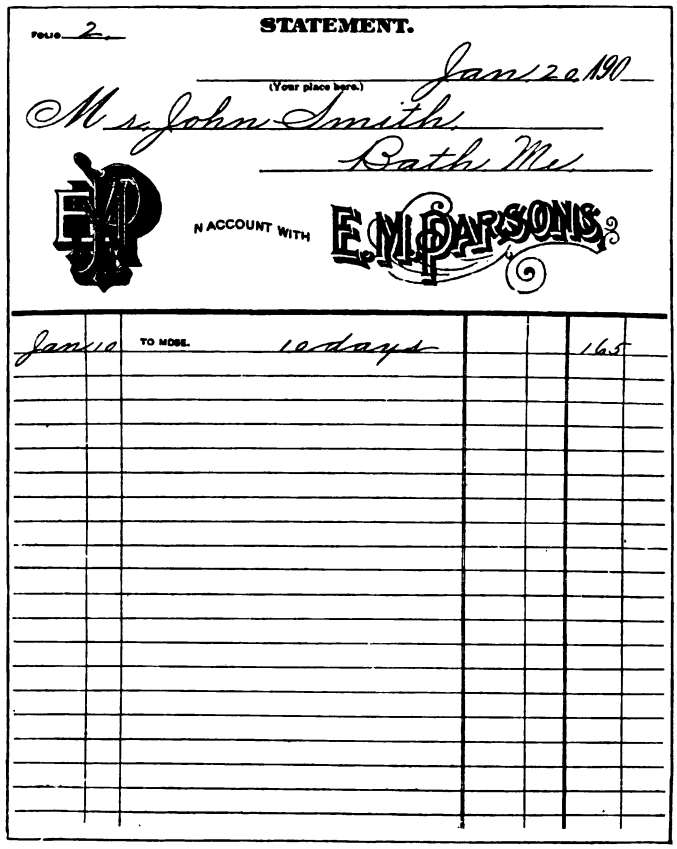
This third section of your ledger will contain all accounts of finance, which show in their balances a liability to the business.

In business it is, of course, not practicable to write the names of all ledger accounts before posting, and they are opened in the ledger in the order in which they appear in the journal; but separate sections of the ledger should be taken for each class of accounts.

Post your journal entries (see directions, page 13). Check back your postings (see directions, page 26). Take a trial balance of your ledger balances. If the trial balance is correct, take an inventory of your merchandise from the cards found in your Store Room. You should have on hand the following: 305 brls. apples; 200 brls. flour; 25 bu. barley; 675 bu. corn; 800 bu. oats; 1025 bu. potatoes. Find the value of these goods, using the latest cost price as shown by your invoices. Make statements according to forms on pages 35 and 37. Close your ledger.

STATEMENTS OF CUSTOMERS' ACCOUNTS.

An important feature of any bookkeeper's work is that attention to customers' accounts which insures prompt payment of bills as they fall due. In order to call the attention of customers to the fact that payment is desired, many business houses send a statement whenever a bill is due; *e. g.*, if John Smith & Co. bought merchandise billed at $165, Jan. 10th, at ten days, then on Jan. 20th, or perhaps a day or two later, a statement like the following would be sent him.


FOLIO 2.

STATEMENT.

(Your place here.) Jan 20 190

Mrs. John Smith.

Bath Me

IN ACCOUNT WITH E. M. PARSONS

Jan	10	TO MDSE.	10 days			165	

In the ordinary course of business, however, it is a more common practice to send each customer, at the first of the month, a statement showing the debit balance of his account up to date, whether this balance is due or not, thus calling his attention to his indebtedness and enabling him to compare the statement with your account in his ledger, and note any difference which may appear between his books and your own. A competent bookkeeper will have his statements ready to send out the first of the month as most of them can be prepared considerably in advance of that date.

Customers' statements are prepared entirely from the ledger accounts of customers, and of course the posting must be completed before the statements can be made out.

You may now prepare statements of accounts for all customers who owe you a balance.

Turn to Chas. E. Hayes' account in your ledger, and from that account prepare a statement like the following form. These are not your debit amounts.

Folio 9

STATEMENT

(Your place here.) May 1, 190—

Mr. Chas. E. Hayes.

City.

In Account with J. M. HASTINGS,

146 ELM STREET.

Apr.	5	TO MDSE.	459	50		
	11		988		1447	50
		Cr.				
Apr.	8		300			
	16		500		800	
					647	50

Prepare similar statements for all others who owe you a balance. Place them in properly addressed envelopes and hand to your teacher.

Present your books to your teacher for inspection, after having carefully examined them yourself to see that all rulings are correct and that page marks, dates and transfer pages have not been omitted. See that all closing entries and rulings in your ledger are in red ink, and that all transfers are in black ink.

Do not allow yourself to be careless in these small matters; they are more important than they appear. In your small ledger it is an easy matter to find an account, even if the page mark is not in the journal, but in business where the ledger sometimes has 1000 pages the omission of page marks causes much unnecessary work.

APRIL PRICE LIST.

	1	2	3	4	5	6	7	8	9	10	11	12	13
Apples	1.75	1.80	1.85	1.90	1.95	2.00	1.76	1.81	1.86	1.91	1.96	1.77	1.82
Barley	.26	.31	.36	.41	.46	.27	.32	.37	.42	.47	.28	.33	.38
Corn	.56	.30	.45	.31	.46	.51	.40	.36	.37	.50	.41	.32	.47
Flour	4.50	4.45	4.40	4.35	4.30	4.25	4.49	4.44	4.39	4.34	4.29	4.48	4.43
Oats	.26	.52	.37	.51	.36	.31	.42	.46	.45	.32	.41	.50	.35
Potatoes	.28	.32	.36	.40	.44	.48	.39	.33	.37	.41	.45	.39	.30

APRIL PRICE LIST (Continued).

	14	15	16	17	18	19	20	21	22	23	24	25
Apples	1.87	1.92	1.97	1.78	1.83	1.88	1.93	1.98	1.79	1.84	1.89	1.94
Barley	.43	.48	.29	.34	.39	.44	.49	.30	.35	.40	.45	.50
Corn	.33	.43	.53	.39	.49	.44	.34	.48	.38	.52	.42	.35
Flour	4.38	4.33	4.28	4.47	4.42	4.37	4.32	4.27	4.46	4.41	4.36	4.31
Oats	.49	.39	.29	.43	.33	.38	.48	.34	.44	.30	.40	.47
Potatoes	.34	.38	.42	.46	.50	.31	.35	.39	.43	.47	.51	.54

QUESTIONS.

1. What is the object of bookkeeping?
2. What is a power of attorney? When is it given?
3. How would you proceed with a bill of merchandise received, before writing O. K. upon it?
4. How would you show that the bill had been carried to the proper accounts?
5. Why should merchandise sold be itemized in the journal?
6. Why is it unnecessary to itemize merchandise purchased?
7. Why should a receipt be taken when cash is paid for any purpose?
8. Is a receipted bill, or a receipt, proof that a bill has been paid? Give your reasons for your answer.
9. How do you find the amount of cash received in making out your reports?
10. How do you find the amount of cash paid out?

11. How do you find the amount of cash on hand?

12. How do you find the amount of merchandise sold?

13. What is a bank?

14. Why is it customary for business houses to keep their money in a bank instead of in their own safe?

15. What is necessary to be done before opening an account with a bank?

16. How should a signature be written in the signature book of a bank?

17. What is a deposit ticket? When and how is it prepared?

18. What is a bank pass book, and who makes the entries in this book?

19. Where and when should the depositor make a record of a deposit?

20. Why is no entry required in the journal when a deposit is made in the bank?

21. What should be done with an order for merchandise when it is received?

22. How would you show that the order had been filled, and what would you do with it after it had been filled?

23. Why should orders for merchandise be carefully preserved?

24. What is the meaning of a purchase or a sale on account?

25. When terms are not mentioned on an invoice, what is understood?

26. What is a note?

27. When is a note called a bill receivable, and when a bill payable?

28. Why is a check regarded as cash?

29. Why should it be presented immediately at the bank?

30. Suppose you have a check, how would you proceed to get the money called for by the check if you were unknown at the bank?

31. Why should the stub of a check book be filled out before the check itself is written?

32. What special care should be taken in filling out a check, and what is the consequence of carelessness in this respect in case the check is raised?

33. How is it possible to determine at any time what amount remains to your credit in the bank?

34. When it is necessary to draw a check for private use, in whose name should the check be made out?

35. When cash is checked out for use in the business, to whose order should the check be drawn?

36. Where should the indorsement of a check appear?

37. Define accounts of business. Accounts of finance.

38. What is a customers' ledger?

39. What is the object of checking back postings, and when should it be done?

40. What is an inventory and when is it taken?

41. What prices should be used in taking an inventory?

42. Where are inventories carried in the ledger when that book is to be closed?

43. What is the object of sending statements of accounts to customers, and when is this generally done?

44. How often should a bank book be balanced, and who attends to this work?

TEA, COFFEE AND SPICE BUSINESS.

Books Kept.—The books which you will keep in this work are the journal-daybook, cash book, sales book and ledger.

Cash

Cash Rec'd

190-		L.F.					
May	1		A. B. Fowler	investment	6000		
	2		C. H. Carroll	bill of Apr. 20	268	75	
	3		Bills Rec.	A. M. Frye's note 7%	721	80	
	5		A. R. Free	in full of acct.	209	70	
	7		D. B. Hill	bill of May 1	176		
	9		Bills Pay.	note disc.	600		
	11		M. C. Dean & Co.	on acct.	925		
	12		Mdse. Disct.	invoice 7. 2%		4	20
	13		Bills Rec.	C. B. Lyons, note 60 disc.	700		
	15		P. M. Trainer	on acct.	260		
							9865 45
May	16		Balance	on hand			2965 65

The Cash Book.—Cash transactions will be numerous in almost any business, and from this fact it has been found advisable to take the Cash account from the ledger and place it in a book called the "Cash Book," which contains on its left-hand page all cash debits, with the name of the account to be credited in the left-hand explanation space, and in the right-hand explanation space a brief description of the transaction. The amount is entered in the left-hand money column. All items of cash paid out or cash credits are entered on the right-hand page of the cash book, with the name of the account to be debited in the left-hand explanation space, and a brief description of the transaction in the right-hand explanation space. The amount is entered in the left-hand money column.

Since the debit of the cash book shows all cash received, and the credit all cash paid

out, it is evident that the difference between the two sides of the cash book should show at any time the amount of cash on hand.

It is unnecessary to keep a Cash account in the ledger, although some bookkeepers do so, carrying the total of the left-hand page to the debit side of Cash, and the total of the right-hand page to the credit side of Cash in the ledger.

Cash

190-		L.F.						
May	2		Expense	rent $50, books $12, stamps $2,	64			
	3		Real Estate	lot, 212 Allen St.	2900			
	4		Mdse.	bot. of A. J. Carson & Co.	1600			
	6		Bills Pay.	note favor Larson & Co. 7%	720			
	9		Discount	" " F. N. Bnk, 60 ds.	6			
	11		Expense	clerks 20.00, insurance 30.00	50			
	12		M. A. Ellis & Co.	inv. 4/4,	210			
	13		Discount	C. B. Lyon, note disc. 4%		5	02	
	13		A. M. Dennis	on acct.	295			
	14		L. C. Merritt	in full of acct.	644			
	15		Mdse.	freight	13			
	15		"	bot. of L. M. Carter & Co.	392	75	6899	77
	15		Balance	on hand.			2965	68
							9865	45

* To be entered in red ink.

The cash book should be balanced at frequent intervals. If a considerable amount of business is done in cash, it is well to balance the cash daily. In this and in all following sets, the Cash account will be kept in the cash book only, and not carried into the ledger. Remember the cash book *is* the Cash account of the ledger, therefore, the balance of the cash book must be carried into the trial balance when that is taken from the ledger.

The Sales Book.—It is customary in business to place all sales of merchandise, whether for cash, on account, or for a note, in a book called the "Sales Book." The footing of this book will at any time show the total sales of merchandise to date. This book does away with a long Merchandise account in the ledger, as the footing of the sales

book is carried to the credit of Merchandise in the ledger at the end of each month, or as often as may be desired.

The second or right-hand money column of the sales book contains the amounts which are to be charged to the debit of the respective accounts, and all discounts and allowances must be entered in the first, or item, column.

FORM OF SALES BOOK.

May 1, 190–

T. J. Stewart, city, On acct., 30 ds.					
5 hf. chts Y. H. Tea	375#	40	150		
10 bales Mocha Coffee	1500#	30	450		
5 mats Java "	350#	25	87 50		
5 bags Rio "	375#	20	75	762	50
2					
Frank Bros. & Co., city, cash, 2%					
5 bales Mocha Coffee	760#	30	228		
2 hf. chts. Eng. Breakfast Tea	140#	35	49		
			277		
2% Disc., Cash			5 54	271	46
"					
Allen & Bennett, Utica, N.Y. Note, 4 ms.					
2 hf. chts. Japan Tea	150#	35	52 50		
3 " " Y. H. "	145#	30	43 50		
2 bales Mocha Coffee	300#	30	90		
1 bag Maracaibo "	125#	15	18 75	204	75

WORK FOR THE STUDENT.

No. 1.—MAY 1. Being offered a higher salary, and considering that the business affords a better opportunity for advancement, you have accepted a position as bookkeeper for Henry F. Adams, wholesale dealer in Tea, Coffee and Spices, at 246 Main St., your city, at a salary of $75 per month. Mr. Adams will do all the buying and fix all selling prices of the goods, and as he is on the road a large part of the time, will give you a power of attorney similar to the one you received from Mr. Hastings, your former employer. File the power of attorney after filling in the proper names in the blank spaces. You will receive all goods, verify the prices, etc., attend to the filling of all orders, and to the delivery of the goods sold, and have full charge of the books of the business.

No. 2.—MAY 1. Ask your teacher to assign you a price-list from the numbered lists on pages 100 and 101, and take from your incoming voucher pad the cash required for Henry F. Adams' investment.

Make an entry in your journal-daybook, giving a description of the conditions under which the business is begun. Do not extend the amount of cash received in the money column. The following illustrates the form of your journal-daybook entry.

May 1, 190-

Eben W. Jones has this day commenced the Wholesale Tea, Coffee and Spice business, at 172 North St., investing cash, $6000.00

It is usually customary in commencing business to write in the journal-daybook a brief statement of the conditions under which the business was commenced, and if it be a partnership, a brief summary of the partners' agreement. This record is made in the journal-daybook, as a matter of convenience only. The amount is not extended in the money column, as this is a cash transaction, but the entry therefor is made in the cash book.

Cash Book Entry.—Enter the amount of cash received in your cash book. The following illustrates the form of the entry, but the amount and explanation are different.

Cash

190- May	1	B. W. Lyman	investment	9200	

The investment is entered in the first money column of the debit or left-hand page of the cash book. The left-hand explanation space contains the name of the account to be credited, while the right-hand explanation space contains a brief description of the transaction. The extra vertical column at the left is for the page of the ledger when the item is posted. Place the cash in your Cash Drawer.

No. 3.—MAY 1. Pay one month's rent in advance to, and take a receipt from, the National Real Estate Co., which owns the building at 246 Main Street.

Make an entry for this transaction on the credit or right-hand page of the cash book. The following illustrates the form of cash book entry, but the amount is different.

Cash

190- May	1	Expense	rent for May	90	

The left-hand explanation space contains the name of the account to be debited, while the right-hand explanation space gives a brief description of the transaction. All cash received or paid out must be entered in the cash book.

No. 4.—MAY 2. You have purchased of the Upton Coal Co., 5 tons coal at $5.25, amounting to $26.25.

This is a cash transaction and the entry will be made on the credit side of the cash book, since cash is paid out. The following shows the form of entry, but the amount is different.

May	1	Expense	5 tons coal	25	

No. 5.—MAY 2. You have received an invoice of merchandise from West, Stone & Co., New York.

In this series of transactions you will not receive cards to represent merchandise, but will assume that the merchandise has been received, and will check each item on the invoice after verifying the calculations. If found to be correct, O. K. the invoice and place it in your Invoice File. This transaction calls for an entry in the journal (see rule 7, page 12).

No. 6.—MAY 2. Invoice No. 6 has been purchased of L. Hennes & Co., New York, by Mr. Adams, who has agreed to give a note at 60 days in payment.

Verify the calculations. Mr. Adams' O. K. is on the invoice, which you may place in your Invoice File. Write the note required by the transaction and place it in Bills Payable File. Do not forget to fill out the stub of your note book.

In this transaction you will debit *Merchandise* in the journal and credit *L. Hennes & Co.* for the amount of the invoice, and debit *L. Hennes & Co.* and credit *Bills Payable* for the amount of the note given them in payment.

If L. Hennes & Co. were not a house from which Mr. Adams was making regular purchases on account, it would be unnecessary to carry this invoice to their personal account, as the journal entry,

Mdse., *Dr.*, and *Bills Payable. Cr.*, would be sufficient to record the transaction (see No. 54, page 30); but as Mr. Adams is purchasing of L. Hennes & Co. on account, it is advisable that their account in your ledger should show all transactions made with them, hence this account is carried to their credit in the ledger, and they are immediately debited for the note sent in payment.

No. 7.—MAY 2. You may deposit in the Commercial Bank all your cash, except $200, which you will retain in the Cash Drawer. Make out a deposit slip and hand it to the bank teller with the currency and bank pass book. Do not fail to enter the deposit on the stub of your check book.

No. 8.—MAY 3. This invoice of merchandise has been purchased of Shields Bros., City, for cash, and you receive a discount of 2%.

Verify the calculations, see that your discount is right, and if the bill is correct make a journal entry debiting *Mdse.* and crediting *Shields Bros.* Write a check for the amount called for. See that the stub of your check book is properly filled out before you detach the check from the book. Deduct the amount of the check from your balance in the bank. Place the check in Cash Paid Out, and place the invoice in your Voucher File. This is a cash transaction and should be entered in your cash book. Write on the credit or right-hand side of the cash book the amount, and in the first explanation space, *Shields Bros.*, which is the name of the account debited. In the second explanation space write *invoice of May 3.*

No. 9.—MAY 3. Order No. 9 calls for a sale of merchandise on account.

Make out the bill, checking each item on the order as soon as entered on the bill. Verify your calculations and be sure the bill is right. In this month's work all sales of merchandise on account will be entered in the sales book. You will therefore enter the same items and prices on page 1 of this book. The following is the form of sales book entry; the amounts are different.

May 3, 190-

E. M. Barnard, City, 60 ds. 2/10,				
5 hf. chts. Japan Tea	300#	46	138	
2 " " Y. Hyson "	140#	35	49	
3 cases Ceylon "	150#	40	60	247

All merchandise sold should be entered in the sales book.

Fold the order and place it in your Voucher File; place the bill in Vouchers for Others.

No. 10.—MAY 4. You have received an order calling for goods at a cash price, which is 3% less than your regular credit price.

Make out the bill and deduct 3% discount from the gross amount. Use bill No. 8 in your Voucher File as a model. The net amount of the bill should agree with check

No. 10, $611.10, which you will receive from F. C. Tenney in your Incoming Vouchers. Receipt the bill and place it in Vouchers for Others. Place the check in your Cash Drawer. Enter the sale in your sales book, one line below your last entry, debiting F. C. Tenney. Place the date in the middle of the line, as in the journal. All gross amounts and discounts appear in the first money column only, net amounts being carried into the second money column.

The following shows the form of your sales book to date, the names and amounts being different.

May 3, 190-

E. M. Barnard, City, 60 ds. 2/10,					
5 hf. chts. Japan Tea	300#	46	138		
2 " " Y. Hyson "	140#	35	49		
3 cases Ceylon "	150#	40	60		247
4					
D. E. Allen & Co Cash 3%					
3 hf. chts. Japan Tea	120#	40	48		
2 " " Oolong "	100#	60	60		
5 cases Ceylon "	250#	50	125		
			233		
Disc. 3%			6	99	226 01

Enter the cash in your cash book, giving F. C. Tenney credit for the net amount of the bill, as shown by his check No. 10, and in explanation space write "*invoice S. B.*"

Many bookkeepers in making cash sales enter the sale in the sales book as usual, but do not post to the debit of the person to whom the sale is made, placing a check mark against his name. They enter the cash on the debit side of the cash book, with the name of the person or the word "merchandise," but do not post it from that book to the credit of the person, placing instead a check mark against his name in the folio column of the cash book. This method of handling cash transactions has it advantages, as it saves the two postings to the ledger, which offset each other. The footing of the debit side of the cash book will show the debit of cash, and the footing of the total column of the sales book will show the credit of merchandise, so that the proper debit and credit will appear, even though the person who made the purchase is not debited with the purchase and credited with the payment.

Many business houses, however, wish to know just how much business they have done with each customer, and this can only be shown by charging the customer for cash sales the same as for sales on account. When this is done his ledger account shows at a glance just how much business he is doing

with the house each month, and this information is usually considered of much more value than the saving of time made by the bookkeeper when he omits to post such items.

In this and the following month's work, cash sales, except for occasional small purchases made by individuals who are not regular customers, will be entered in the sales book and charged to the persons making them, while the payments will be entered in the cash book and credited to the persons making them. In this way the ledger accounts of all regular customers of the business will show the amount of purchases they have made during the continuance of the business.

No. 11.—MAY 4. This order is for merchandise on account.

Make out the bill and check the items on the order. Enter the transaction in the sales book and place the order in your Voucher File. Be sure the amount is correct.

No. 12.—MAY 4. This bill is for books and stationery to be used in the office.

Verify the calculations, O. K. the bill, and write a check for the amount. Enter in the cash book. Do not fail to deduct the amount of the check from your bank balance. This is a common error and causes much trouble in balancing the bank account at the end of the month.

No. 13.—MAY 5. This bill is for office furniture and a safe, which Mr. Adams has purchased for permanent use in the business, and an account will be kept in the ledger with "Furniture and Fixtures."

Fill out a check for the amount and make the proper entry in the cash book, debiting *Furniture and Fixtures* instead of Expense.

No 14.—MAY 5. Mr. Adams, has decided to purchase the building and lot at 246 Main St. of the National Real Estate Co. Their price is $12000 cash. Not having this amount on hand, Mr. Adams has arranged with James D. Branson to indorse a note for him so that he may borrow $5000 of the Commercial Bank. The following is the form of note required.

$5000.00 (Your place here.) May 5, 190

Four months after date I promise to pay to the order of James D. Branson

Five thousand 00/100 Dollars

at Flour City Bank

Value received

No. 2 Due Sept. 5. H. F. Adams.
by Student, atty.

Indorsing a note consists in writing one's name on the back of the note, and the person who thus writes his name becomes responsible for the payment of the note in case the maker fails to make payment when it becomes due. In the case of the note given above,

the note is made payable to the order of the indorser, who writes his name upon the back and gives it to H. F. Adams. Adams takes the note to the bank, receives the money, and will pay the note when due. In case he should fail to do this, then James D. Branson would be called upon to pay it.

Write this note, using the model form on page 75, but make it payable at Commercial Bank. Take the note to your teacher, who will indorse it for James D. Branson, if it is correct; then take it to the bank for discount. The note is due Sept. 5th, which is 123 days after May 5th, the date of discount.

Bank discount is found by taking the simple interest on the face of the note for the time in days from the date of discount to the date of maturity; therefore, you may find the interest on $5000 at 6% for 123 days, which is $1xx.xo. Subtract this amount from $5000, and the remainder, $489x.xo, is the net proceeds or amount to be placed to your credit.

HOW TO CALCULATE SIMPLE INTEREST AND BANK DISCOUNT.

Bank discount is the simple interest on the face of commercial paper for its unexpired time; that is, from the date the paper is discounted to the day upon which it becomes due. In this work the exact number of days between these two dates will be used in all calculations of bank discount. For instance, a note dated May 1st at four months would be due Sept. 1st of the same year; but most banks discounting such paper for the full time would not calculate the interest on its face for four months (120 days), but would take the exact number of days between May 1st and Sept. 1st (123 days). This must be remembered in all calculations of bank discount. First find the date the note becomes due; next find the number of days to elapse from the day of discount to the day of maturity, and then calculate the simple interest on the face of the note for this number of days at the rate of discount given, and you have the bank discount.

The method of counting time for discounting notes varies in different banks, and often in the same bank. Some banks count months for the full number of months, and days for the fraction of a month; others count the actual number of days; while some few count one day more than the actual number of days.

If you have no special method of calculating simple interest, you may use the following rule:

Rule.—*First, find one-thousandth of the principal, or face of the paper, by removing the decimal point three places to the left, then multiply by the number of days from the date of discount to the date of maturity, and divide by 6. The result will be the bank discount or simple interest at 6%. If any other rate than 6% be required, divide this result by 6, thus obtaining the interest at 1%, and multiply by the rate required.*

The above rule is based on the following reasoning.

The	interest	on	one	dollar	for	1 year	at	36%	36¢
"	"	"	"	"	"	2 months	"	"	6¢
"	"	"	"	"	"	10 days	"	"	1¢
"	"	"	"	"	"	1 day	"	"	1 mill.

But 1 mill is one-thousandth of a dollar; therefore, it is evident, according to this reasoning, that one dollar at 36% will double itself in 1000 days. If this is true of one dollar, it is true of any number of dollars, and if we take one-thousandth of any principal, no matter what it may be, we shall have the interest on that principal for one day at 36%. To find the interest for any number of days, it is only necessary to multiply the interest for one day, or one-thousandth of the principal, by the number of days, and we have the interest on that principal for the number of days given at 36%. Dividing this result by 6, we get the result at 6%; dividing it by 4, would give us the interest at 9%; or dividing by 9 would give us the interest at 4%, etc. When no rate of interest is mentioned, 6% is understood.

Discount Memorandum.—Take a discount memorandum and fill it out properly. Supply the items from Mr. Adams' note. Pin the memorandum and the note together, and hand them with your bank pass book to the bank teller, who will place the amount to your credit if you have calculated the discount and the net proceeds correctly.

The following is a form of memorandum which is in use. The name and amounts are not the same as appear in your memorandum.

FORM OF DISCOUNT MEMORANDUM.

DISCOUNT MEMORANDUM.

DATE May 1, 190-

DISCOUNTED FOR B. M. Parkes

MAKER B. M. Parkes

FACE 5000.00 INT. ——— TOTAL ———

DISC. 102.50 COLL. ——— TOTAL ———

PROCEEDS 4897.50

The student will fill out this blank and pin to the Note before presenting it at the bank.

In case no bank is conducted with this work, you may place the note and discount slip in Bills Payable File, and enter the amount of the proceeds on the left-hand page of your bank pass book, as shown in the followlng illustration.

190- May	5	J. L. B. note proceeds d. 102.50	4897	50

After the amount has been entered in your pass book, place the net proceeds upon the left-hand stub of the check book, as shown in the following illustration.

190- May	1	Branson note discounted. Proceeds	4897	50

Add the amount $4897.50 to the amount now on deposit.

Cash Book Entry.—Make an entry on the debit side of the cash book for the face of the note, $5000. The following illustrates the form of your entry.

May	5	Bills Pay.	Branson note at 4 mos disc	5000	

By making an entry on the debit side of the cash book you debit *Cash* and credit *Bills Payable*.

Make an entry on the credit side of the cash book for the amount of the discount, $102.50. The following illustrates the form of your entry.

By making an entry on the credit side of the cash book you credit *Cash* and debit *Discount.*

The bank really gave you only $4897.50, but you can readily see that if the bank had given you $5000, you would have been required to take from the $5000 the sum of $102.50 and pay it to the bank for discount; and this is the principle upon which the cash book entries are made.

Rule 19.—*DISCOUNT is debited when it is allowed to other persons, or when it is paid to the bank for cashing a note or draft before it is due.*

It is evident that the accounts affected by the transaction in the above example are Cash, since cash has been received by the business; Discount, since discount has been allowed the bank for cashing the note 123 days before it is due; and Bills Payable, since Mr. Adams has given a note payable in four months. It is evident that *Cash* should be debited, since cash has been received (see rule 3), and that *Bills Payable* should be credited, since a note has been issued (see rule 16). Discount has cost the business value, since you have allowed the bank $102.50 for cashing a note before it is due; therefore, *Discount* should be debited (see rule 19).

If the entries were made in the journal, *Cash* and *Discount* would be debited and *Bills Payable* credited, according to the following form.

Cash,	4897.50	
Discount	102.50	
Bills Payable		5000.00

No. 15.—MAY 5. You have received from the National Real Estate Company the deed of the building and lot No. 246 Main St.

Write a check for the amount called for in the deed. In this transaction real estate has cost the business value, and therefore *Real Estate* should be debited. The Real Estate account is subject to the same rules as the Merchandise account.

A deed is always received when real estate is purchased, since the title to real estate is shown by this document. The document should be recorded as soon as it is received, since the seller of the real estate might dispose of it to another party, giving a second deed, and in such a case the deed first recorded would be held, at law, a good title to the property.

Rule 20.—*Debit REAL ESTATE when purchased, and for all amounts paid for its improvement and permanent repairs.*

No. 16.—MAY 6. This invoice has been purchased of the E. Westen Tea & Spice Co. by Mr. Adams.

Verify the calculations and file the invoice, making the proper entry in your journal.

No. 17.—MAY 6. This order is accompanied by a note for $500 to apply on account.

Make out the bill and check each item on the order. Enter in the sales book as a sale on account, making no mention of the note for $500 received with the order. In your journal make the proper entry for the note. What account should be debited? What account should be credited? Place the note in your Cash Drawer.

No. 18.—MAY 8. Take from your Cash Drawer the note received from A. A. Knowles & Co., and prepare a discount memorandum. Calculate the discount on the note from May 8th to the date of maturity (58 days). The discount on $500 for 58 days at 6% is $4.x3. (For method of calculating discount, see page 76.) Make a discount memorandum and attach it to the note; take the note to the bank teller, and have the net proceeds entered in your bank pass book. Enter the amount on the stub of your check book, as explained in No. 14, and add the amount to your bank balance. Make an entry on the debit side of the cash book for the face of the note ($500), as in transaction No. 14. The following illustrates the form of your entry, though the amount and explanation are different.

May	18	Bills Rec.		Allen 58 ds. disc.		5	60	

Make an entry on the credit side of the cash book for the amount of the discount. The following illustrates the form of your entry, but the amount and explanation are different.

May	18	Discount		Allen note 45 ds.		4	45	

In case there is no bank, enter the proceeds in your bank pass book (see model and transaction No. 14, page 77), and place the note in Vouchers for Others.

No. 19.—MAY 8. Make out the bill, checking the items on the order. Verify your calculations and make the proper entry.

No. 20.—MAY 8. Take from your Cash Drawer F. C. Tenney's check in your favor, and enter it upon a deposit ticket. Indorse the check properly (see illustration, page 62), place the deposit slip with the check in your bank pass book, and have the amount entered at the bank. Enter the amount on the stub of your check book and add to your deposit. Make no entry in the cash book.

No. 21.—MAY 8. FOURTH REPORT.

Fill out the report blank, answering the first five questions. Balance your cash book (see model, pages 68 and 69) and see if the amount agrees with your report and also with your bank balance plus the amount in your Cash Drawer, if any. Hand in your cash book, journal, sales book and also all vouchers for inspection.

No. 22.—MAY 9. The invoice of April 30th received from West, Stone & Co. must be paid to-day, if you desire to take advantage of the 3% discount for payment in 10 days.

Take the invoice from you Invoice File and calculate the discount on the amount, $1693.50, at 3%, which is $5x.xx. Deduct this amount from $1693.50 and draw a check for the net amount of the bill. On the stub of the check show the amount of the bill and

the discount, as well as the net amount shown by the check itself. You have paid West, Stone & Co. the entire bill of $1693.50, so you may enter on the credit side of your cash book the following.

May	9	West, Stone & Co	Paid bill of 7th		1693	50	

But West, Stone & Co. have allowed you $50.81 discount for paying the bill within 10 days, which is the same as if you had given them $1693.50 in cash and they had counted out $50.81 of this cash and handed it back to you as discount. Bearing this in mind, you will see that on the debit side of the cash book should appear the following entry.

May	9	Mdse. Discount	W. S. & Co. bill 7th, 3%			50	81

Merchandise Discount is credited because it has produced value to the business, a bill of $1693.50 being settled for $50.81 less than its face.

Rule 21.—*MERCHANDISE DISCOUNT is credited when it is allowed the business by other persons for the payment of a bill within a certain time.*

A distinction is made between discount on notes and discount on invoices of merchandise. The former is called "Discount" simply, while the latter is designated as "Merchandise Discount," or "Commercial Discount." The two kinds of discounts are of entirely different characters, and should never be charged to the same account.

In the payment of bills on which commercial (merchandise) discounts are allowed, it is usually customary to have a special column in the cash book in which to enter the discount.

No. 23.—MAY 9. This order calls for your lowest cash discount. Make out a bill at the regular prices, and opposite *Terms* write, *Cash 3%*. Enter the sale in the sales book. Do not deduct the 3% discount. You have not yet received your cash; therefore, charge Fletcher Bros. with the full amount, and if they pay the bill within two or three days, allow them the discount, as it is customary to consider such sales the same as cash.

No. 24.—MAY 10. This purchase has been made of Shields Bros., City, by Mr. Adams. Verify the calculations, place the invoice on file, and make the proper entry.

No. 25.—MAY 10. The goods delivered to Fletcher Bros., May 9th, have been paid for, less 3% discount allowed for cash.

The face of the bill is $728.50. Three per cent of $728.50 is $2x.xx. The bill has been paid in full. Make an entry on the debit side of the cash book for the full amount of the bill ($728.50), writing *Fletcher Bros.* in the explanation column. Make an entry on the credit side of the cash book for the amount of discount, writing *Merchandise Discount* in the explanation column. This transaction resembles No. 22, but the conditions are reversed. You receive cash and allow merchandise discount, instead of paying cash and having merchandise discount allowed you.

Rule 22.—*MERCHANDISE DISCOUNT is debited when allowed to other persons for the payment of a bill within a certain time.*

No. 26.—MAY 11. Dickson & Young hand you this amount on acct., $200 in currency. Place the bills in your Cash Drawer, give a receipt, and make the proper entry.

No. 27.—MAY 11. Deposit $200 currency and the check of Fletcher Bros. in Commercial Bank.

Make a deposit ticket, placing *$200* opposite *Currency*, and the amount of the check opposite *Checks*. Take the ticket with the cash and the check to the bank, and have the amount placed to your credit. Do not forget to add this amount to the balance on deposit, as shown on the stub of your check book.

No. 28.—MAY 12. Make out the bill and check each item from the order. File the order and make the proper entry.

FORM OF ACKNOWLEDGMENT OF REMITTANCE.

Williams & Rogers.
PUBLISHERS OF
School Books.

WESTERN OFFICE:
394 DEARBORN ST. CHICAGO, ILL.

Rochester, N.Y. May 12, 190—

F. C. Warner & Bros.
Springfield, Mass.

Gentlemen:

Your favor of May 10 is at hand, enclosing check for $ 246.18 in payment of invoice, Apr. 10

We have placed this amount to your credit, and awaiting your further orders, we remain,

Yours truly,

WILLIAMS & ROGERS.
6.

No. 29.—MAY 14. H. F. Adams draws $100 for private use.

Make a check payable to the order of H. F. Adams, entering the proper explanation on the stub and deducting the amount from the bank balance. Make the proper entry. Get the cash from the bank, but do not put it in the Cash Drawer, as it is not for the business but for Adams' private use. As this $100 is not used in the business you may hand it to your teacher.

No. 30.—MAY 14. When Mr. Adams bought the building #246 Main St., it was insured by the Equitable Fire Insurance Company for $8000. The policy, No. 27614, expired to-day, and you may write a check for $80 to pay for a new policy for the coming year. Do not fail to fill the stub and deduct the amount from your bank balance. Make the proper entry.

In case a large amount of insurance is carried, it may be advisable to open an Insurance account instead of carrying the cost of insurance to the Expense account, but in the ordinary course of business it may very consistently be carried to the Expense account, since there is no return from it.

No. 31.—MAY 15. Make a bill, with the terms called for in the order. Check each item. Place the order on file and make the proper entry.

No. 32.—MAY 15. This check is received on account. Write an acknowledgment of the remittance (see form, page 81) and place the check in your Cash Drawer, making the proper entry. Balance your cash book. Rule and foot, and bring down your balance on the debit side (see form, pages 68 and 69).

No. 33.—MAY 15. FIFTH REPORT. Make your report and see that your cash on hand in the report agrees with the cash as shown by the balance on the stub of your check book, plus the currency and checks in your Cash Drawer, and also see that it agrees with the balance of your Cash account, as shown in the cash book.

Present all books and vouchers to your teacher for approval.

POSTING.

You will post the entries for this month in the same ledger that you used for the April work, beginning on the first blank page, which you will number *1*. Number the other pages as the accounts are opened.

At the top of page 1 write *H. F. Adams*. At the top of page 2 write *Merchandise*. In the middle of page 2 write *Expense*. At the top of page 3 write *Merchandise Discount*. In the middle of page 3 write *Furniture and Fixtures*. At the top of page 4 write *Real Estate*. In the middle of page 4 write *Discount*. In the middle of page 5 write *Loss & Gain*. At the top of page 6 write *Bills Receivable*. In the middle of page 6 write *A. A. Knowles & Co.* At the top of page 7 write *Dickson & Young*. In the middle of page 7 write *A. W. McKey*. At the top of page 8 write *F. C. Tenney*. In the middle of page 8 write *Fletcher Bros.* At the top of page 9 write *F. H. Randall & Co.* In the middle of page 9 write *Rice & Pond*. At the top of page 10 write *E. Mason & Co.* At the top of page 14 write *Bills Payable*. In the middle of page 14 write *West, Stone & Co.* At the top of page 15 write *E. Westen Tea & Spice Co.* In the middle of page 15 write *Shields Bros.* At the top of page 16 write *L. Hennes & Co.* In the middle of page 16 write *Chas. K. Fox*.

You may now post your books. Post all entries from your journal as in previous sets.

Posting from Cash Book.—The amounts on the debit side of the cash book are posted to the credit side of the accounts named in the space at the left of the debit page of the book. The following shows the first amount as posted to H. F. Adams' account.

H. F. Adams

					190-					
					May	1	C	2	8800	

"C" in the explanation space indicates that the amount was taken from the cash book, page 2. The amounts on the credit side of the cash book are posted to the debit side of the ledger accounts named in the left-hand explanation space. The following illustrates the second amount posted from the debit side of the cash book. The debit posting of this account is from the sales book. Post all debit items in a similar manner.

F. C. Tenney

190-						190-				
May	4	Cash, 2%	1	611	10	May	4	C	2	611 10

The following illustrates the first two amounts posted from the credit side of the cash book. Post all credit items in a similar manner.

Expense

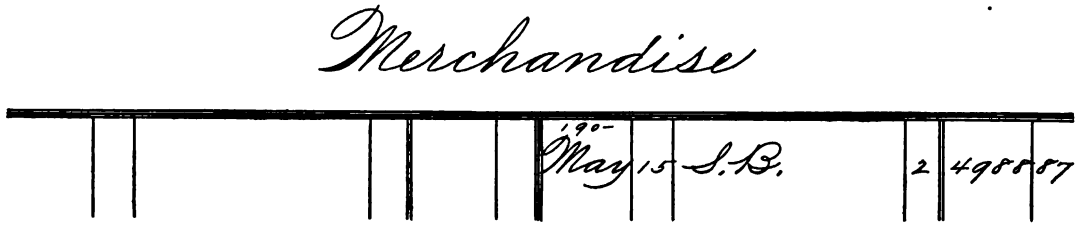
190-										
May	1	C	3	75						
	2	"	3	26	25					

In the second vertical column at the left of each page of the cash book is placed the page of the ledger account named. Be sure that all items from the cash book have been carried to the ledger.

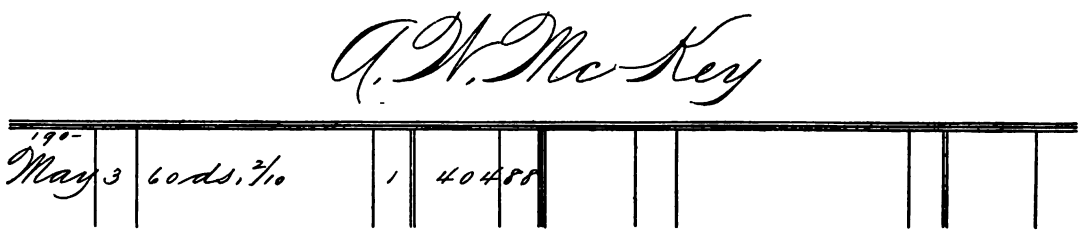
Posting from the Sales Book.—The footing of the sales book should be placed to the credit of Merchandise in the ledger, since it indicates the amount of merchandise sold, and each sale entered in the sales book should be posted to the debit of the person to whom the sale was made, with the terms of sale in the explanation space. The ledger

page of this person's account should be placed in the vertical column at the left of the sales book. Add each total column of the sales book, carrying the footing of each page of this book forward to the top of the next page. Rule and foot to May 15th, and carry this amount to the credit of Merchandise account in your ledger, writing the ledger page in the folio column of the sales book opposite the footing.

The following illustrates the posting of the footing of the sales book.



The following illustrates the first item of the sales book as posted. (For illustration of second item of sales book, see debit side of F. C. Tenney's account, page 83.)



In posting from the sales book, the terms of the sales should be carried to the ledger to enable the bookkeeper to make out his statements when due, should he desire to do so. It will be seen that in this set the ledger is made up of postings from three books of original entry—the journal, cash book and sales book—instead of from a single book—the journal—as in previous sets. Any account in the ledger may contain postings from all three of these books of original entry. In this case the dates will not be consecutive in the date column of the ledger, as each book of original entry is posted entire before another book is taken up. The numbers in the page column of the ledger will refer to different books, but the explanation "C" will show when the cash book is indicated, the terms of sale will indicate the sales book, while "J" may be used to indicate the journal; or the absence of any explanation would indicate that book.

TRIAL BALANCE.

Take a trial balance of your ledger. (For instructions, see page 33.)

Do not forget to place the balance of cash, as shown by your cash book, on the debit side of your trial balance. This is a common omission. Remember that the cash book is really the Cash account of the ledger, and its balance, like that of any ledger account, must be carried to the trial balance.

Present your trial balance to your teacher, and if correct, copy it on the next page of

your trial balance book following your April statement. Do not make a statement of gains and losses, resources and liabilities, as the trial balance is taken at this time merely to show that your posting is correct, and that you understand the posting of the cash book and the sales book.

No. 34.—MAY 17. Rice & Pond, of Georgetown, your state, have sent you an order, and have given you satisfactory references.

Bill them the goods at regular prices, subject to 3% cash discount. This lot of goods must be sent by freight, and you may prepare three shipping receipts like the model receipt which follows.

SHIPPING RECEIPT.

May 17, 190—
(Your place here.)

Received from N. G. Adams

BY INTER-STATE TRANSPORTATION COMPANY.

The property described below, in apparent good order, except as noted (contents and condition of contents of packages unknown), marked, consigned, and destined as indicated below, which said Company agrees to carry to the said destination, if on its road, otherwise to deliver to another carrier on the route to said destination.

It is mutually agreed, in consideration of the freight charged for this service, as to each carrier of all or any of said property, over all or any portion of said route to destination, and as to each party at any time interested in all or any of said property, that every service to be performed hereunder shall be subject to all the conditions, whether printed or written, shown or endorsed hereon, and which are hereby agreed to by the shipper and by him accepted for himself and assigns as just and reasonable.

MARKS, CONSIGNS AND DESTINATION.	DESCRIPTION OF ARTICLES.	WEIGHT SUBJECT TO CORRECTION.
Rice & Pond,	8 hf. chts. Tea	
Georgetown,	1 bale Coffee	
N. Y.	2 mats.	

For Inter-State Transportation Company,

_____ *Freight Agent.*

ORIGINAL.
(To be returned to the shippers.)

These receipts, sometimes called bills of lading, are generally made in triplicate. The original receipt is generally forwarded to the person who ordered the goods; the second, or forwarding receipt, is kept by the freight agent; and the third receipt is allowed to remain in the shipping book for comparison, in case goods are lost or any dispute arises in connection with the shipment. Take the receipts to your teacher or the freight agent for signature. Enclose bill and shipping receipt in an envelope properly addressed. You will make out these shipping receipts to accompany all bills of merchandise sold to out of town customers.

No. 35.—MAY 18. Write a check for $800 and send it to E. Westen Tea & Spice Co., accompanied by a letter like the following.

Hall, Hartwell & Co.
successors to
Miller, Hall & Hartwell,
Manufacturers of
Men's Shirts, Collars & Cuffs.

Troy, N.Y. May 18, 19e

E. A. Morrison & Co.
262 Broadway,
N.Y.

Gentlemen:

Herewith find check on

Com'l Bk for $ 800.00

in payment of on acct.

Please acknowledge receipt and oblige.

Yours truly,

HALL, HARTWELL & CO.

The Telegram.—The telegram has become an important feature of modern business, and it is now used very extensively in ordering goods for immediate delivery. Most of the telegraphic business of the country is transacted by two companies, the Western Union Telegraph Company and the Postal Telegraph Company. The Western Union has communication with almost every city, town and village in the United States, and through the Atlantic cable, with almost every part of the world.

The charge for a telegram depends somewhat upon the distance, and, except in the case of cable messages, it is a fixed sum for a ten-word message, and an additional charge for each word in excess of that number, no charge being made for the name and address of the person to whom the message is sent or the name of the sender. Night messages, that is, messages sent at the convenience of the Company after 6 P. M., are taken at about half the regular rate, and a large proportion of business messages are of this kind.

In writing a telegram care should be taken to avoid the use of all superfluous words, and yet the message must be clear and definite, that mistakes may be avoided. Figures should be written out in full, since the charge is the same for a figure as for a word; for instance, 20 written in figures (20) would be charged as two words, while written in full (twenty) would be charged as only one word. In sending important messages, those in which a mistake would mean the loss of a large sum of money, it is better in every case to have the telegram repeated; that is, the operator at the point to which the message is sent after receiving it telegraphs it back to the operator at the sending point, and the sender knows that his message has been received as it was sent, which is not always the case, as telegraph operators are only human, and mistakes are by no means uncommon. The charge for repeating a message is one-half more than the original cost.

The cost of cablegrams is a certain amount for each word, and the same charge is made for the address as for the words which make up the body of the message. Business houses generally have a code for cablegrams; that is, the name and address are represented by one word; for instance, Smith, Jones & Robinson, 42 Soho Square, London, E. C., England, would be represented by a single word, as "Extract."

The following form of telegram shows the correct method of writing a message containing figures.

THE COMMERCIAL TELEGRAPH COMPANY.

INCORPORATED

21,000 OFFICES IN AMERICA. CABLE SERVICE TO ALL THE WORLD.

This Company TRANSMITS and DELIVERS messages only on conditions limiting its liability, which have been assented to by the sender of the following message. Errors can be guarded against only by repeating a message back to the sending station for comparison, and the Company will not hold itself liable for errors or delays in transmission or delivery of Unrepeated Messages, beyond the amount of tolls paid thereon, nor in any case where the claim is not presented in writing within sixty days after the message is filed with the Company for transmission.
This is an UNREPEATED MESSAGE, and is delivered by request of the sender, under the conditions named above.

PHILO M. BECKLEY, PRESIDENT AND GENERAL MANAGER.

Receiver's No.	Time Filed	Check

SEND the following message subject to the terms on back hereof, which are hereby agreed to. May 16, 190__
(YOUR PLACE HERE).

To John L. Osborne,
26 Madison Ave, New York.

Send	by	train	thirteen,	forty
cases	number	sixteen	braid,	
			A B Ellis,	

☞ READ THE NOTICE AND AGREEMENT ON BACK. ☜

No. 36.—MAY 18. Write a telegram, of not more than fifteen words, ordering of West, Stone & Co., 10 half-chests each Japan and Young Hyson; 10 bales Mocha; 15 mats Java.

Fill out the telegram blank and place in Vouchers for Others. Pay 50¢ in currency for the telegram. Make the proper entry.

No. 37.—MAY 20. This order calls for goods to be sent to an out of town business house. They refer to your own bank, and the reference being satisfactory, you make out the bill, also the shipping receipts, which you will have signed by the freight agent. Enclose bill and shipping receipt in an envelope properly addressed.

No. 38.—MAY 20. This work has been performed at a fixed price, and you may pay the bill by check.

Painting would come under the head of permanent repairs to your real estate, and you may make the proper cash book entry (rule 20, page 78).

No. 39.—MAY 20. Mr. Adams has requested Dickson & Young to give him their note at 60 days for $400, as his account at the bank is getting low. They have done so, and at the same time have ordered more goods. Place the note in your Cash Drawer and make the proper entry. Fill the order, checking each item, and make the proper entry.

No. 40.—MAY 21. This is a telegraphic order and calls for a receipted bill, which you will enclose in a C. O. D. envelope and place in Vouchers for Others. Enter in the sales book, as follows.

	C. O. D. Jas. H. Vincent, Northboro					
	2 bxs. W. Pepper	20#	30	6		
	2 " Cloves	20#	20	4		10

Post to your ledger, opening a C. O. D. account in the section of your ledger reserved for accounts receivable. The following is the form of a C. O. D. account.

C. O. D.

190-									
May	21	J. H. Vincent	3	10					

All C. O. D sales should be posted to this account, writing the name of the person to whom goods are sent in the explanation space at the left. The posting should be made immediately after the sale is entered in the sales book.

Some business houses enter C. O. D. sales in a special book kept for that purpose, and do not carry them into the main books until the return has been received. When this return has been received they enter the cash in the cash book, crediting Merchandise.

No. 41.—MAY 21. Take from your Cash Drawer the note of Dickson & Young received May 20th, and write the amount of discount upon a discount memorandum. Take the note and memorandum to the bank, where you will receive credit for the net proceeds, if correct. Enter in your cash book (see transaction No. 18).

No. 42.—MAY 22. Make a bill of the goods called for in this order, checking items. File the order. Enter the sale in a sales book, place the check received on account in the Cash Drawer, and make the proper entry. Acknowledge the receipt of the check.

No. 43.—MAY 23. This invoice is for goods ordered from West, Stone & Co. by telegraph May 18th. Verify the bill and make the proper entry.

No. 44.—MAY 23. You have made this purchase of Chas. K. Fox, City, to supply immediate needs. Verify the bill and make the proper entry.

No. 45.—MAY 23. To accommodate Rice & Pond you have sold Geo. H. Thomas, for cash, a sample lot of 75 lbs. Maracaibo at 18½¢ and 25 lbs. Rio at 14½¢, the remainder of two broken bags.

Do not enter this in the sales book, as it is not for a regular customer, but carry it direct to the cash book, giving *Merchandise* credit in that book. Make a memorandum of the sale on a slip of paper, and place it in your Vouchers for Others.

In any wholesale house there will be more or less of these petty sales. They are not entered in the sales book, but carried direct to the cash book.

No. 46.—MAY 23. SIXTH REPORT. Render a report and take all papers to your teacher for approval. Do not balance your cash book, but see that the cash balance on your report agrees with the amount of cash in your Cash Drawer, plus your bank balance, and also that this amount is the same as the difference between the two sides of your cash book. Pencil foot the cash book up to this date.

No. 47.—MAY 24. The Express Company has returned the collection of May 21st. Place 25¢ express charges in Cash Paid Out, or hand this amount to the commercial exchange.

On the debit side of the cash book write *C. O. D.* In the explanation space, *J. H. Vincent*, and in the money column *$10*. On the credit side debit *Expense* for the express charges, 25¢.

No. 48.—MAY 24. Send a telegraphic message of not more than 15 words to L. Hennes & Co., New York, ordering 12 bags Maracaibo coffee, 10 hf. chts. Oolong tea and 5 cases Ceylon tea, to be sent by fast freight. Pay 35¢ for the telegram; also pay for having windows cleaned, $1.50. Hand this money to the commercial exchange, or place it in Cash Paid Out.

No. 49.—MAY 24. Fill this order and place the note in your Cash Drawer, making the proper entries for the transaction. Place the order in your Voucher File. Write a letter of acknowledgment for the note, place it, with the invoice, in an envelope properly addressed, and place in your Vouchers for Others.

No. 50.—MAY 25. Take a deposit slip and enter on it the amount of the check you received from F. C. Tenney, May 15th, and the amount of Rice & Pond's check of May 22d; also $110 currency. Make out a discount ticket for the note of $600 received from A. A. Knowles & Co. yesterday. Calculate the discount and find the net proceeds.

Take the deposit slip, the checks, and the note properly indorsed, the currency, the discount ticket, and your bank pass book to the teller, who will give you credit for

the deposit and for the net proceeds of the note. Do not fail to enter these amounts on the stub of your check book. Make the proper cash book entry. (See transaction 18, page 79.)

No. 51.—MAY 25. Write a check for $700 and mail it to E. Westen Tea & Spice Co., to apply on account.

No. 52.—MAY 26. This invoice is received from L. Hennes & Co., in reply to your telegram of May 24th. Verify and file the invoice.

No. 53.—MAY 26. This order is received by wire. Check off each item, fill the order and place the telegram in your Voucher File. Make the proper entry for the transaction.

No. 54.—MAY 26. Pay the invoice purchased of Chas. K. Fox, May 23d, by check, less 3%.

No. 55.—MAY 26. This order comes from a stranger, and as you know nothing of his standing you may fill the order and send as directed, C. O. D. Check the order and write him that if references prove satisfactory you will be pleased to open an account with him. Remember to post directly from the sales book to the C. O. D. account, and give 3% discount for cash on bill (see No. 40).

No. 56.—MAY 28. Make out bill and verify the calculations. Place the order on file and make the proper entry.

No. 57.—MAY 28. This purchase is made of Chas. K. Fox, City. Place the invoice in your Invoice File and make the proper entry.

No. 58.—MAY 28. C. O. D. on S. E. Kingsley sent May 26th has been returned, and you may pay the express charges, 50¢. Make the proper entry (see No. 47).

No. 59.—MAY 29. The goods called for in this invoice have been purchased of West, Stone & Co., New York, by Mr. Adams. Place the invoice on file and make the proper entry.

No. 60.—MAY 29. Send a check for $500 to Shields Bros., to apply on account.

No. 61.—MAY 30. The City Carting Company have paid your freight bills and delivered goods which you have purchased, and now present their bill for the month, which you will pay by check. Enter in the cash book (see rule 13, page 28).

No. 62.—MAY 31. Your own salary for the month is $75, for which you may write a check; and also write a check for $45, favor of R. E. Leavitt, clerk.

No. 63.—MAY 31. H. F. Adams has given the city missionary 20 lbs. Young Hyson tea, 10 lbs. Japan tea, 10 lbs. English Breakfast tea. Charge him with this amount at the cost price. Enter in the sales book.

No. 64.—MAY 31. You have received No. 64, a note for $700, at 10 days with interest from A. W. McKey, for which you will give him credit. See that the note is correctly written and place it in your Cash Drawer.

No. 65.—MAY 31. Deposit all cash in your bank. Have your bank book written up, and see that your balance agrees with the balance as shown on the stub of your check book.

No. 66.—MAY 31. Prepare your report and hand in all vouchers to your teacher for approval. Be sure that no careless work is handed in. Balance your cash book and see that the cash balance as shown by the cash book agrees with the bank balance as shown on the stub of the check book.

Some bookkeepers keep a Cash account in the ledger and carry to the debit side the footing of the left-hand page or pages of the cash book and to the credit side the footing of the right-hand page or pages of the cash book. This is unnecessary, since the balance of the cash book itself will show the same result that this account would show when balanced in the ledger. Keep no Cash account in the ledger, but do not forget to carry the balance of the cash book into the trial balance, the same as if the account were kept in the ledger.

Post from all your books to the ledger and check your postings. Be sure that the total of the sales book is carried to the credit of Merchandise. Make out your monthly statement to each customer. Take a trial balance of differences only, and be sure that the balance of cash is entered on the debit side of the trial balance.

The following is your inventory of unsold merchandise:

26 hf. chts.	Oolong, 1300 lbs.,	48¢
18 "	Young Hyson, 1260 lbs.,	33¢
18 "	E. Breakfast, 1080 lbs.,	31¢
15 cases	Ceylon, 750 lbs.,	35¢
12 bales	Mocha, 1800 lbs.,	23¢
26 mats	Java, 1950 lbs.,	22¢
1575 lbs.	Maracaibo,	11¢
650 lbs.	Rio,	10¢
34 boxes	W. Pepper, 340 lbs.,	23¢
24 "	Cinnamon, 240 lbs.,	27¢
26 "	Cloves, 260 lbs.,	14¢
29 "	Ginger, 290 lbs.,	22¢
110 lbs.	Nutmegs,	60¢
25 hf. chts.	Japan, 1500 lbs.,	23¢

Office furniture and fixtures are valued at 10% less than cost.

Office books, stationery and unexpired insurance are valued at $98.75.

Your real estate is valued at cost, as shown by the debit side of your ledger account.

Calculate the amount of your inventory, and write the items and amounts in your trial balance book. After you have taken the trial balance, prepare statements of gains and losses and resources and liabilities, according to instructions below.

In making your statement of losses and gains, include Merchandise Discount and Furniture and Fixtures; in making statement of resources and liabilities, always include all inventories of merchandise, furniture and expense items among the resources.

FORMS OF LOSS AND GAIN STATEMENT AND BALANCE SHEET.

In the previous work the student has prepared simply a statement of losses and gains and of resources and liabilities. This work was designed to familiarize the student with only the fundamental principles of bookkeeping. Now that the student has taken up the study of practical bookkeeping, we have introduced, instead of the elementary statements, the simplest forms of the accountant's regular loss and gain statement and balance sheet. The forms which we present are those which are universally used by experienced accountants and auditors.

The following illustrations differ in many respects from the forms which have heretofore been presented in text-books on bookkeeping, and we believe that all progressive teachers will welcome this change from the theoretical to the practical.

Statement of Losses &

1 Mdse. on hand at close of last month		
2 Mdse. cost of during the month	7200	7200
5 Gain carried down.		1440
		8640
6 Expense. cost for the month	265 50	
7 Less inventory of unexpired insurance and stationery	75	190 50
8 Discount		42 50
9 Depreciation as under:		
10 Furniture & Fixtures		27 50
13 Net Gain.		1245 37
		1505 87

*To be written in red ink.

Analysis of Statement of Losses and Gains.—The loss and gain statement is closed in two sections. The first section represents the gain on merchandise, without taking into account the expenses of the business; the second section contains the expenses of the business, the gain on merchandise discount, and shows the net gain of the business proper. If there are transactions in stocks and bonds, or anything outside of the business, the gain or loss on such transactions should be included in a third section of the loss and gain statement.

On the debit side of the first section of the loss and gain statement, we have (1) merchandise on hand at the close of last month; (2) cost of mdse. during the month. These two items are entered in the first column, added, and their sums extended into the second column. In the above instance there was no merchandise on hand at the close of last month, hence there is no amount after this item.

On the credit side of the loss and gain statement in the first section, we have (3) amount of merchandise sold during the month; (4) merchandise now on hand, as per inventory.

The amounts of these two items are entered in the first column, and their sum extended into the second column. It is evident that the difference between the amount of mer-

Gains. May 31, 190-

3 Mdse. sales during the month	6400		
4 " on hand now	2240	8640	
		8640	
11 Gain brought down		1440	
12 Mdse. Discount		65 87	
		150587	

chandise on hand at the beginning of the month plus the amount purchased during the month, and the amount of merchandise sold during the month plus that on hand at the end of the month, will be the net gain on merchandise. This net gain in the above statement is found to be $1440, and the amount is written after No. 5, *Gain carried down.*

In the second section of the statement of losses and gains, we have on the debit side, (6) the cost of expense; (7) the amount of unexpired insurance and stationery, which, paid for under expense, has not yet been used; (8) the loss on discount; (10) the loss on furniture and fixtures on account of depreciation in value.

In the second section of the loss and gain statement, on the credit side, we have (11) the net gain on merchandise, which is written after *Gain brought down* (that is, this gain is brought down from the first section); and (12) the gain on merchandise discount. The difference between the sum of the debit and the sum of the credit amounts will show the net gain on the business. This gain is written in red ink after No. 13 on the debit side.

When the proprietor examines the above statement, he can tell at a glance the amount of merchandise purchased during the month, the amount of sales, the amount on hand, his gain on merchandise, and his net gain on the business proper; and if he has purchased and sold stocks and bonds, bank stock, real estate, or anything of this character, such transactions should be shown in a third section of the loss and gain statement, and the

statement should show the gain on merchandise, the net gain on the business proper, and the net gain or loss on his entire transactions.

A business might be paying, and the proprietor still be losing money on account of losses sustained by outside transactions. The profit on merchandise might be sufficient, and still the business be conducted at a loss, on account of having enormous expenses. For this, and various other reasons, it is absolutely essential that the loss and gain statement should be closed in sections, so that the proprietor may determine at a glance the exact condition of his business.

INSTRUCTIONS TO THE STUDENT.

How to Make out Loss and Gain Statement for the Month Ending May 31.

The numbers given in the following instructions agree with the numbers given in model statement of losses and gains, pages 92 and 93.

1. Turn to the Merchandise account in your ledger. As this is the beginning of the business, there was no merchandise on hand at the beginning of the month, hence nothing will be written after *Merchandise on hand at the close of last month*, but you may write these words in your statement of losses and gains (see model, page 92).

2. The sum of the items on the debit side of the Merchandise account in your ledger represents the cost of merchandise during the month. Place the amount after *Merchandise purchased during the month* (see model.)

3. The sum of the items on the credit side of your Merchandise account represents the amount of merchandise you have sold during the month. Place the amount after *Merchandise sales during the month* (see model.)

4. Take the amount of your inventory and write it after *Merchandise on hand now.*

5. Take the difference between the sum of the items on the debit side and the sum of the items on the credit side of your loss and gain statement, and write the difference, in red ink, after *Gain carried down* on the debit side of your loss and gain statement in the second column, after which rule up the first section of your loss and gain statement, as per model.

6. Take the amount of cost of expense, as shown by your trial balance, and write it after *Expense.*

7. Take the amount of expense as shown by inventory, and subtract it from cost of expense. Extend the difference into the second column (see model, page 92).

8. Take the amount of the loss on discount, as shown by your trial balance, and write it after *Discount.*

9. Depreciation as under:

10. A depreciation of 10% has been allowed for wear and tear on office furniture. Write the amount of this depreciation, which is a loss to the business, after *Furniture and Fixtures*, under *Depreciation* (see model).

11. Bring down the amount of the gain shown in the first section of loss and gain statement, and write it under *Gain brought down* in the second section of loss and gain statement.

12. Take the gain on merchandise discount, as shown by your trial balance, and write the amount after *Merchandise Discount.*

13. Take the difference between the sum of the items on the debit side and the sum of the items on the credit side of your loss and gain statement, and write the amount, in red ink, after *Net Gain*. Rule up the second section of your loss and gain statement, as per model.

Analysis of Statement of Resources and Liabilities.—In preparing a statement of resources and liabilities, commence with the most available asset, *Cash*. Write the amounts of cash in safe and in bank separately in the first column. Find the sum of these amounts, and write the sum in the second column. (See model, pages 96 and 97.)

Various kinds of property owned by the business should next be listed under the title, *Properties as under:* Real estate is listed at its ledger valuation, on the presumption that it is worth at the present time the amount paid for it. Naturally there has been wear and tear, or depreciation, upon office furniture and fixtures. The cost of office furniture and fixtures should be shown in the first column, and under this should be written the amount charged off for depreciation. The difference, or present value of the furniture and fixtures, should be extended into the second column. Goods on hand should be inventoried at their cost price, and the amount written in the second column. If there is anything on hand which was charged to Expense when bought, it should be considered an inventory and listed in the second column.

The next title, *Sundry trade debtors as under:* should include all amounts owing the business by firms and individuals. The amount of notes we hold should be written after *Bills Receivable*, and the amount due us on account should be written after *Open book accounts considered good*. Usually an amount is deducted from *Open book accounts* as a reserve for bad debts. *Open book accounts* are also frequently divided into two classes—*Open book accounts considered good* and *Open book accounts considered doubtful*. If there are any other assets, they should be enumerated in detail on the debit side of the statement of resources and liabilities. In connection with this statement, it is usually customary to make out a list of all persons owing us and all persons whom we owe.

We next proceed to the enumeration of the liabilities. These are written on the credit or right side of the statement. The first title, *Sundry trade creditors as under:*, should include all persons or firms whom we owe, either by note or on account. The amount that we owe on our notes should be written after *Bills Payable*. The amount that we owe on account should be written after *Open book accounts*. If the business has other liabilities, they should be here enumerated. Find the sum of the liabilities, and write the sum in the right-hand column, drawing one red line, as shown in the model.

Next write the amount the proprietor has invested in the business, and from this amount subtract his withdrawal. To the remainder add the net gain from the statement of losses and gains, and extend the total to the last column, in red ink, under the title, *Present worth of business*. Foot and rule up the statement of resources and liabilities, as per model. A balance sheet or statement of resources and liabilities, made out as above, will show in classified form the actual assets and liabilities of the business. The proprietor of the business, in examining such a balance sheet, can tell at a glance the amount of property he has on hand, and the basis of its valuation, the balance sheet showing any amount that has been charged off for depreciation, or anything that has been added on account of the increase in value. All additions and subtractions should be made in the first column, and only the totals, or the differences, extended to the second column.

Statement of Resources &

1 Cash in safe	1140	
2 " in bank	60	1200
Properties as under:		
3 Real Estate, Ledger valuation		2000
4 Furniture & Fixtures	275	
5 Less depreciation	2750	24750
6 Mdse. on hand, valued by Mr. White		2240
7 Expense, inventory		75
Sundry trade debtors as under:		
8 Bills Rec.		1500
9 Open book accts. considered good		616967
		1343217

INSTRUCTIONS TO THE STUDENT.

How to Make out Statement of Resources and Liabilities for Month Ending May 31.

1. Ascertain the amount of cash in the safe or drawer, and write it after *Cash in safe*.

2. Ascertain from your check book the amount of cash in bank, and write it after *Cash in bank*. The amounts of cash in bank and in safe should be added, and written in the second money column of the statement (see above model). The amount of cash shown by the statement should be the same as that shown on the trial balance.

3. Take the amount of real estate ($12125), as shown by your trial balance, and write it after *Real estate, ledger valuation* in the second column of your statement (see model form).

4. Take the amounts charged to Furniture and Fixtures, as shown by your trial balance ($231), and write it after *Furniture and Fixtures* in the first money column of your statement.

5. A depreciation of 10% is allowed on furniture and fixtures. Write the amount of depreciation ($23.10) after *Less depreciation*, and subtract this amount from the amount of furniture and fixtures, and extend the difference to the second column of your statement.

Liabilities, May 31, 190-

Sundry trade creditors as under:			
10 Bills Pay.			2890
11 Open book accts.			449680
			738680
12 H. F. Adams, invested	4900		
13 " " " withdrew	100		
	4800		
14 Net Gain	124537		
15 Present worth of business			604537
			1343217

6. Write the amount of the inventory of merchandise after the proper title in the second column of your statement. You should write your own name in place of Mr. White's, as the value of the merchandise is estimated by you.

7. Write the inventory of expense ($98.75) after the proper title.

8. Take the amount of bills receivable, as shown by your trial balance, and write it after this number.

9. Find the sum of the amounts owing the business by different persons, as shown by your trial balance, and write it after this number. The persons who owe H. F. Adams are: A. A. Knowles & Co., Dickson & Young, A. W. McKey, F. C. Tenney, F. H. Randall & Co., Rice & Pond, E. Mason & Co.

The sum of the amounts owing the business by the above will be the amount of *Open book accounts considered good.*

10. Write the amount of bills payable, shown by your trial balance, after this number.

11. Find the sum of the amounts that H. F. Adams owes different persons, as shown by your trial balance, and write this sum after *Open book accounts*. Find the sum of your *Open book accounts* and *Bills Payable*, and write the sum under the single ruled line, as shown in above model.

12. Write the amount of H. F. Adams' investment after this number, according to

model. The amount of his investment will be the total of the amounts on the credit side of H. F. Adams' account in the ledger.

13. Write the amount of H. F. Adams' withdrawals after this number. The total of the amounts on the debit side of his account in the ledger will be the sum of the withdrawals. Subtract the withdrawals from the amount invested, and write the difference below the single ruled line (see model).

14. Write the amount of the net gain, as shown by your loss and gain statement, after this number.

15. Add the net gain to the net investment (the difference between H. F. Adams' investment and withdrawals), and write the amount after this number in the last money column. Foot and rule your statement of resources and liabilities, as indicated in model.

Hand your statement of losses and gains and your statement of resources and liabilities to your teacher for approval. If correct, close your ledger, and hand in all your books to your teacher for examination.

EXERCISES IN BANK DISCOUNT AND INTEREST.

Take a sheet of journal paper and arrange a cash book for the following transactions. Write the notes on a sheet of foolscap.

In discounting notes, always find first the due date of the note, then find the actual number of days from the date of discount to the due date, and calculate the discount for this time.

MAY 1.—You have on hand D. H. Farley's note for $1200, dated this day, at four months. Have it discounted at the City Bank at 6%. Write the note and make the proper cash book entries.

MAY 2.—Desiring to borrow money, you arranged with E. M. Parker to indorse a note of $4500 for you, payable at the City Bank in 90 days, and the City Bank has discounted this note and placed the net proceeds to your credit. Write the note and make the cash book entries (see No. 14, page 75).

MAY 3.—You have on hand T. M. Hunt's note for $875.50, dated April 20th, at four months. Have this note discounted at the City Bank at 6%. Write the note and make the cash book entries.

MAY 4.—You have outstanding a note in favor of Reed & Barton, dated April 25th, at three months, for $950, and you pay it to-day less the discount for the unexpired time. Write the note and make the proper cash book entries. (Credit *Discount.*)

MAY 5.—You have on hand J. B. Freeman's note for $728.50, dated April 5th, at four months. He pays it to-day in cash, less discount for the unexpired time. Write the note and make the proper cash book entries.

MAY 7.—You have on hand C. B. Fenner's note for $1100, dated April 25th, at 90 days. Have it discounted to-day at 5%. Write the note and make the proper cash book entries.

MAY 7.—You have a note outstanding in favor of Charles Langdon for $1200, dated April 20th, at four months. If you will pay it now, Langdon offers to allow you 9% for the unexpired time. Accept the proposition and make the proper cash book entries.

MAY 8.—D. W. Evans & Co. owe you a note of $7000, dated April 30th, at four months. Needing the money, you offer them 8% discount if they will pay the note to-day, which they do. Make the proper cash book entries.

MAY 9.—You have on hand Sam. F. Curtis' note for $1200, dated April 20th, at 60 days, with interest at 6%. You have it discounted at the City Bank to-day. Write the note and make the cash book entries.

The above is an interest-bearing note, and in discounting an interest-bearing note, the bank will first find the amount due at maturity. S. F. Curtis' note of April 20th, at 60 days, will be due June 19th, and the interest on $1200 from April 20th to June 19th, 60 days, equals $12, which, added to $1200, makes $1212, the amount due June 19th. This amount should be written on the face of the note, in red ink, by the bank teller. You have the note discounted May 9th. The bank teller will find the time from May 9th, the date of discount, to June 19th, the date of maturity (41 days), and will compute the discount on $1212, the amount due at maturity, and deduct this discount from $1212, leaving $1203.72, the net proceeds of the interest-bearing note.

In this transaction, you have received $1200 for the face of the note. Debit *Cash*, $1200; in the first explanation space write *Bills Receivable*, and in the second explanation space, *S. F. Curtis note 4/20*. The bank allowed you $12 interest. Debit *Cash*, $12; in the first explanation space write *Interest*, and in the second explanation space, *on above note*. The bank charged you discount, $8.28. On the credit side of the cash book write *$8.28*, in the first explanation space, *Discount*, and in the second explanation space, *S. F. Curtis note 4/20*.

MAY 10.—You have outstanding a note for $1500 in favor of Barnes Bros., dated April 17th, at ninety days, with interest at 5%. Barnes Bros. need the money, and agree to allow you 6% discount if you will pay the note to-day, which you do. Write the note and make the proper cash book entries. (Credit *Cash* for interest; debit *Cash* for discount.)

In this problem calculate the interest at 5% and the discount at 6%.

MAY 12.—You have on hand the note of The Allen Chemical Company for $2650, dated April 12th, at four months, with interest at 6%. You have it discounted to-day at the City Bank at 5%. Write the note and make the cash book entries.

O. M. Curtis gave you a note March 13th, at 60 days, for $890.75, with interest. The note is due to-day, and Curtis has paid you the amount due to redeem his note. Write the note and make the proper cash book entries.

In the above problem the interest should be found for the time of the note at 6%. In the cash book *Cash* should be debited for the face of the note, in the first explanation space *Bills Receivable* should be written, and in the second explanation space, *O. M. Curtis note 3/13*. *Cash* should also be debited for the amount of interest on the note ($8.91); in the first explanation space write *Interest*, and in the second explanation space, *on above note*.

MAY 14.—Your note for $746, in favor of G. W. Longley, dated Feb. 14th, at three months, with interest, is due this day, and you pay the note and interest. Write the note and make the necessary cash book entries.

This problem is exactly the reverse of the preceding one. *Cash* is credited and *Bills Payable* debited, with *G. W. Longley note 2/14* as explanation, and *Cash* credited and *Interest* debited, with *on above note* as explanation on the credit side of the cash book.

A. S. Hewitt's note of March 14th, at two months, for $722.87, with interest, is due to-day, and he has paid the note. Write the note and make the proper cash book entries.

MAY 15.—Your note for $1262.25, in favor of L. E. Pearson & Co., dated March 31st, at 45 days, with interest at 5%, is due to-day, and you pay the note and interest. Write the note and make the proper cash book entries.

You have your note for $825, favor E. C. Ayer, and indorsed by him, dated this day, at three months, discounted at the Commercial Bank at 6%, and receive cash for the net proceeds. Write the note and make the cash book entries.

PRICE LIST FOR MAY AND JUNE.

		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
	lbs.																									
Japan	Hf. Ch. 60	40	38	37	36	25	26	41	35	34	39	24	25	30	32	38	40	34	29	31	33	27	28	26	30	29
Oolong	" 50	55	60	61	62	73	66	72	70	71	56	63	62	57	55	49	52	58	64	67	65	72	57	69	66	58
Ceylon	Case 50	60	58	55	65	45	50	53	55	45	40	57	56	59	61	52	47	43	39	38	41	44	37	36	42	46
Y. Hyson	Hf. Ch. 70	35	37	38	39	50	49	34	40	41	36	51	50	45	43	37	35	41	46	44	42	48	47	49	45	46
Eng. Breakfast	" 60	50	45	44	43	32	39	33	35	34	49	42	43	48	50	56	53	47	41	38	40	33	48	36	39	47
Mocha	Bale 150	25	$25\frac{1}{2}$	24	$24\frac{1}{2}$	$26\frac{1}{2}$	$25\frac{1}{2}$	$24\frac{1}{2}$	27	$28\frac{1}{2}$	29	30	32	28	$28\frac{1}{2}$	$27\frac{1}{2}$	$30\frac{1}{2}$	25	31	28	26	27	$29\frac{1}{2}$	24	28	$26\frac{1}{2}$
Java	Mat 75	$28\frac{1}{2}$	25	$25\frac{1}{2}$	$26\frac{1}{2}$	29	30	$30\frac{1}{2}$	$29\frac{1}{2}$	$27\frac{1}{2}$	26	27	$24\frac{1}{2}$	24	$26\frac{1}{2}$	$28\frac{1}{2}$	$25\frac{1}{2}$	$28\frac{1}{2}$	$31\frac{1}{2}$	$27\frac{1}{2}$	29	24	$26\frac{1}{2}$	23	$24\frac{1}{2}$	$29\frac{1}{2}$
Maracaibo	Bag 125	$18\frac{1}{2}$	18	$19\frac{1}{2}$	19	17	18	19	$16\frac{1}{2}$	15	$14\frac{1}{2}$	$13\frac{1}{2}$	$11\frac{1}{2}$	$15\frac{1}{2}$	15	16	13	$18\frac{1}{2}$	$12\frac{1}{2}$	$15\frac{1}{2}$	$17\frac{1}{2}$	$16\frac{1}{2}$	14	$19\frac{1}{2}$	$15\frac{1}{2}$	17
Rio	" 125	$14\frac{1}{2}$	18	$17\frac{1}{2}$	$16\frac{1}{2}$	14	13	$12\frac{1}{2}$	$13\frac{1}{2}$	$15\frac{1}{2}$	17	16	$18\frac{1}{2}$	19	$16\frac{1}{2}$	$14\frac{1}{2}$	$17\frac{1}{2}$	$14\frac{1}{2}$	$11\frac{1}{2}$	$15\frac{1}{2}$	14	19	$16\frac{1}{2}$	20	$18\frac{1}{2}$	$13\frac{1}{2}$
W. Pepper	Box 10 Pail 25	30	$31\frac{1}{2}$	29	28	31	$33\frac{1}{2}$	30	33	32	$30\frac{1}{2}$	$26\frac{1}{2}$	28	29	27	25	32	31	28	33	$28\frac{1}{2}$	$27\frac{1}{2}$	28	29	31	27
Cinnamon	Box 10 Pail 25	35	36	33	34	37	38	33	32	35	39	37	34	$34\frac{1}{2}$	40	38	32	36	41	37	39	42	40	$35\frac{1}{2}$	33	34
Cloves	Box 10 Pail 25	20	$18\frac{1}{2}$	21	22	19	$16\frac{1}{2}$	20	17	18	$19\frac{1}{2}$	$23\frac{1}{2}$	22	21	23	25	18	19	22	17	$21\frac{1}{2}$	$22\frac{1}{2}$	22	21	19	23
Nutmegs		70	69	72	71	68	67	72	73	70	66	68	71	$70\frac{1}{2}$	65	67	73	69	64	68	66	63	65	$69\frac{1}{2}$	72	71
Ginger	Box 10 Pail 25	30	32	35	25	45	40	37	35	45	50	33	34	31	29	38	43	47	51	52	49	46	53	54	48	44

PRICE LIST FOR MAY AND JUNE (Continued).

			1	2	3	4	5	6	7	8	9	10	11	12	13
		lbs.													
Flour, Northern Star	Brl.		4.08	4.10	4.12	4.14	4.16	4.18	4.20	4.22	4.24	4.26	4.28	4.30	4.32
" Searchlight Pastry	"		4.60	4.58	4.56	4.54	4.52	4.50	4.48	4.46	4.44	4.42	4.40	4.38	4.36
" Graham	Case		2.85	2.90	2.95	3.00	2.86	2.91	2.96	3.01	2.87	2.92	2.97	3.02	2.88
H. O. Buckwheat	"		3.25	3.20	3.15	3.10	3.24	3.19	3.14	3.09	3.23	3.18	3.13	3.08	3.22
Oatmeal, Pawnee	Brl.		4.35	4.30	4.25	4.20	4.34	4.29	4.24	4.19	4.33	4.28	4.23	4.18	4.32
Quaker R. O.	Case		3.49	3.54	3.59	3.64	3.50	3.55	3.60	3.65	3.51	3.56	3.61	3.66	3.52
Sugar, Granulated	Brl.	300	5⅛	5¼	6½	6⅛	5⅞	5⅜	6⅜	5½	6¼	5⅝	6⅜	6½	5¾
Rice	"	150	6⅞	6¾	5½	5⅞	6⅛	6⅝	5⅜	6½	5¾	6⅜	5⅝	5½	6¼
Corn	Doz.		.85	1.10	.86	1.09	.87	1.08	.88	1.07	.89	1.06	.90	.98	.91
Tomatoes	"		1.20	.95	1.19	.96	1.18	.97	1.17	.98	1.16	.99	1.15	1.07	1.14
Beans, Lima	"		.81	1.07	.82	1.06	.83	1.05	.84	1.04	.85	1.03	.86	1.02	.87
Soap, Ivory	Box		7.27	7.01	7.26	7.02	7.25	7.03	7.24	7.04	7.23	7.05	7.22	7.06	7.21

PRICE LIST FOR MAY AND JUNE (Continued).

			14	15	16	17	18	19	20	21	22	23	24	25
		lbs.												
Flour, Northern Star	Brl.		4.34	4.36	4.38	4.40	4.42	4.44	4.46	4.48	4.50	4.52	4.54	4.56
" Searchlight Pastry	"		4.34	4.32	4.30	4.28	4.26	4.24	4.22	4.20	4 18	4.16	4.14	4.12
" Graham	Case		2.93	2.98	3.03	3.08	2.89	2.94	2.99	3.04	2.80	2.84	2.82	2.83
H. O. Buckwheat	"		3.17	3.12	3.07	3.02	3.21	3.16	3.11	3.06	3.30	3.26	3.28	3.27
Oatmeal, Pawnee	Brl.		4.27	4.22	4.17	4.12	4.31	4.26	4.21	4.16	4.40	4.36	4.38	4.37
Quaker R. O.	Case		3.57	3.62	3.67	3.72	3.53	3.58	3.63	3.68	3.44	3.48	3.46	3.47
Sugar, Granulated	Brl.	300	5⅞	5⅛	6¼	5¾	6⅛	5¼	6¼	5⅝	5⅜	5⅞	5½	6⅜
Rice	"	150	6⅛	6⅞	5¼	6¼	5⅞	6¾	5¾	6⅜	6⅝	6⅛	6½	5⅝
Corn	Doz.		1.04	.92	1.03	.93	1.02	.94	1.01	.95	1.00	.96	.99	.97
Tomatoes	"		1.01	1.13	1.02	1.12	1.03	1.11	1.04	1.10	1.05	1.09	1.06	1.08
Beans, Lima	"		1.01	.89	.99	.90	.98	.91	.97	.92	.96	.93	.95	.94
Soap, Ivory	Box		7.07	7.19	7.09	7.18	7.10	7.17	7.11	7.16	7.12	7.15	7.13	7.14

QUESTIONS.

1. Explain the use of the cash book?
2. Where should cash received be placed?
3. Where should cash paid out be placed?
4. What should the difference between the sides of the cash book show?
5. Why should the cash book be balanced frequently?
6. When should it be balanced daily?
7. What ledger account does the cash book enable us to dispense with?
8. How should you show the balance of cash in the trial balance?
9. Explain the use of the sales book.
10. To what account in the ledger, and to which side of the account, should the footing of the sales book be carried?
11. In which money column of the sales book must all discounts and allowances appear?
12. What should be the first entry in the journal-daybook of any business?
13. Why are persons debited from the sales book for merchandise sold them for cash, and then credited from the cash book?
14. What is meant by indorsing a note?
15. What is bank discount?
16. For what length of time is bank discount always calculated?
17. How would you proceed to find the time of discount?
18. What entry should be made on the debit side of the cash book when a bill receivable is discounted?
19. What entry should be made when a bill payable is discounted?
20. What entry should be made on the credit side of the cash book in either case?
21. Define merchandise discount.
22. When is merchandise discount debited? When credited?
23. To which side of the ledger should amounts on the left-hand side of the cash book be carried? To which side the amounts on the right-hand side?
24. How should the cash book posting be designated in the ledger?
25. Why should the terms of sale be shown in posting the sales book items to the ledger?
26. Where should the footing of the sales book appear in the ledger?
27. What is a shipping receipt? Why are these receipts made in triplicate, and what is done with each copy?
28. What care should be taken in writing a telegram?
29. How should figures be indicated in a telegram?
30. What is meant by repeating a message? What is a code?
31. Describe the method of entering C. O. D. sales in the sales book and in the ledger.
32. How should petty cash sales be entered?
33. In how many sections is the loss and gain statement closed?
34. What does the first section of the loss and gain statement show?
35. What does the second section of the loss and gain statement show?
36. If there are outside speculations, what further closing would be necessary?
37. In making a statement of resources and liabilities, where would you find the cash on hand?

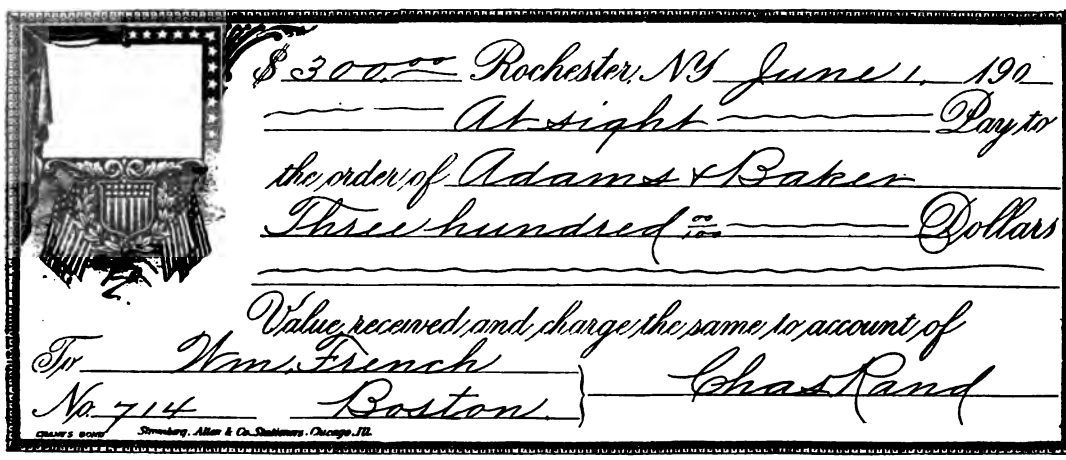
SPECIAL INSTRUCTIONS.

The transactions for the month of June call for the handling of drafts, and the business of the month is a continuation of that of the month of May, with the addition of groceries to the tea, coffee and spices dealt in during that period. It is thought advisable to give space for a short discussion of the subject of drafts before the student is called upon to handle that form of commercial paper in his vouchers.

DRAFTS.

A draft is an order from one person or firm to another to pay a certain sum of money, unconditionally, to some person or firm named in the body of the draft, or to the order of that person or firm.

FORM OF SIGHT DRAFT.


$300.00 Rochester, N.Y. June 1, 190
At sight Pay to
the order of Adams & Baker
Three hundred 00/100 Dollars
Value received and charge the same to account of
To Wm. French
No. 714 Boston.
Chas. Rand

In the above draft Chas. Rand orders Wm. French to pay to the order of Adams & Baker $300. It is presumed that Wm. French owes Chas. Rand this amount, and that Chas. Rand is indebted to Adams & Baker, and gives them this order on Wm. French in payment of his indebtedness.

PARTIES TO A DRAFT.

Drawer.—This name is given to the person who writes or draws the draft. In the form of draft given above the drawer is Chas. Rand.

Payee.—This name is given to the person or firm to whom the draft is made payable. In the form of draft given the payees are Adams & Baker.

Drawee.—This name is given to the person or firm on whom the draft is drawn. In the preceding form Wm. French is the drawee.

COURSE OF PROCEDURE WHEN A DRAFT IS DRAWN.

Chas. Rand owes Adams & Baker and wishes to pay them $300 on account. Wm. French owes Chas. Rand and is willing to pay to him, or to his order, $300, therefore the

following transaction is carried out: Chas. Rand writes an order, or draws a draft, on Wm. French, requesting him to pay to the order of Adams & Baker $300.

The drawer should, in every case, notify the drawee that he has drawn on him; or, better still, notify him in advance that he will draw on him at a certain date, for no person, even though he be a debtor, is obliged to accept or pay a draft drawn on him by a creditor.

Having drawn the draft, Rand gives it to Adams & Baker and makes his journal entry, since the transaction is completed so far as he is concerned. Rand has given Adams & Baker the order, which will be worth $300 to them when presented to Wm. French for payment; therefore, *Adams & Baker* should be debited $300, the amount they will be paid. This amount, $300, will be paid by French, therefore *French* should be credited the same as if he had paid the amount to Rand instead of to the person Rand designated in the draft.

The following is the form of journal entry required in the drawer's books for the above draft.

	Adams & Baker	Drew a sight d/ft	300	
	Wm. French	on Wm. French,		300
		favor of Adams		
		& Baker		

Rule 1.—*The drawer's entry when a draft with three parties is drawn, whether it be at sight or a time draft, is Payee, Dr. and Drawee, Cr.*

Payee's Entry.—The payees, Adams & Baker, receive the draft from Chas. Rand, and they at once take it to Wm. French, or place it in their bank for collection, in which case the bank will take it to French, who pays the $300. In either case Adams & Baker have received cash, $300, and should debit *Cash*. The draft which produced them the $300 was received from Chas. Rand, therefore *Chas. Rand* should be credited the same as if he had given them the $300.

The following should be the payees' entry on the debit side of their book.

June 1	Chas. Rand	sight d/ft on Wm. French	300		

Rule 2.—*The payee's entry for a sight draft received should be Cash, Dr. and Drawer, Cr.*

Drawee's Entry.—When the draft is presented to Wm. French he examines it and notes that Chas. Rand has requested him to pay $300 to the order of Adams & Baker, and if he honors the draft he pays the amount, $300, and since he pays this amount on Chas. Rand's order, he debits *Rand* the same as if he had paid the cash direct to him and credits *Cash*, since he has paid it out.

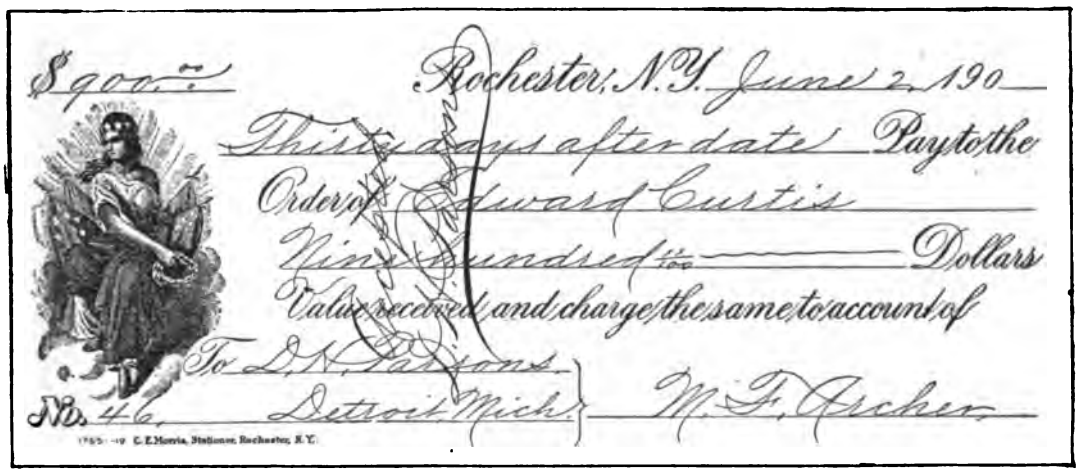
The following is the drawee's entry for the above draft on the credit side of his cash book.

June 2		Chas. Rand	paid draft at sight. A. R.		900		

Rule 3.—*Drawee's entry for a sight draft paid is Drawer, Dr. and Cash, Cr.*

EXAMPLE.—Edward Martin draws a sight draft on B. W. Hammond, requesting him to pay to the order of Chas. Carter $400, which he does. Write the draft and make the entry of each party to the transaction. Write the draft and the entries on a piece of foolscap paper, and show it to your teacher.

FORM OF TIME DRAFT.


$900.00
Rochester, N.Y. June 2, 190
Thirty days after date Pay to the
Order of Edward Curtis
Nine Hundred 00/100 Dollars
Value received and charge the same to account of
To D. H. Parsons
Detroit, Mich.
M. F. Archer
No. 46

In the above draft instead of being payable at sight, it is not payable until 30 days after its date, or July 2. This draft, as soon as received by the payee, Edward Curtis, should be taken to the drawee, D. H. Parsons, who, if he decides to pay it, will write *Accepted* across the face, with his name. This is generally done in red ink, though the color of the ink is unimportant. In the case of this draft, the drawer's entry will be the same as in the case of the sight draft, for the payee has received value, and should therefore be debited, while the drawee is to pay the draft when it falls due, and should therefore be credited. The payee, however, instead of receiving cash from the drawee, Parsons, has received a promise to pay in 30 days, for writing the word "Accepted," and signing the name across the face of a draft constitutes at law a promise to pay. A promise to pay is a bill receivable to the holder, therefore his entry should be as follows.

	Bills Rec.		Recd. M. F. Archer		900		
	M. F. Archer		draft at 30 days on				900
			D. H. Parsons				

Rule 4.—*The payee's entry for a time draft accepted is Bills Receivable, Dr. and Drawer, Cr.*

When this draft is presented to D. H. Parsons, and he writes *Accepted, D. H. Parsons,* across its face, he agrees to pay it in 30 days, and the draft at once becomes a bill payable to him. He should debit *M. F. Archer,* since it is for him he has assumed this obligation, and should credit *Bills Payable,* since he has agreed to pay $900 in 30 days, or on July 2. The following should be Parson's entry when he accepts the draft.

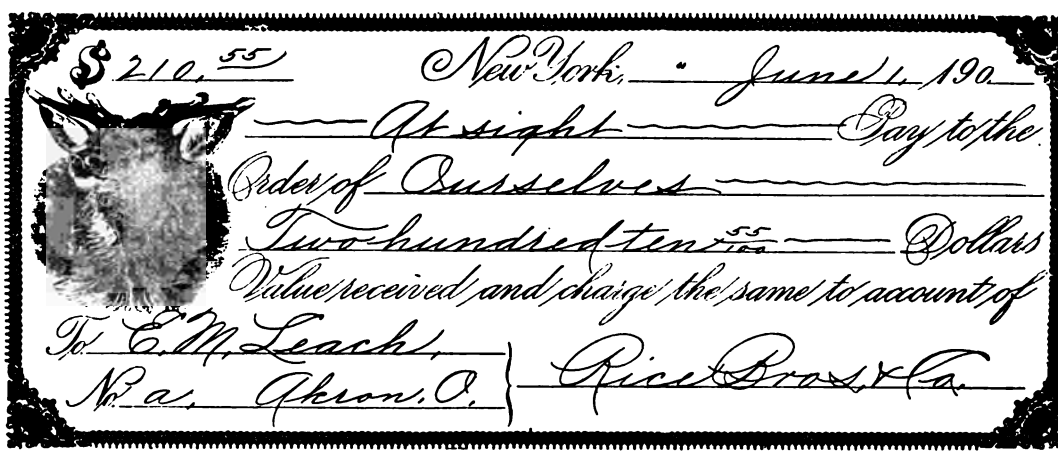
	M. F. Archer	Accepted M. F. Archer's dft at 30 days from June 2 favor of Edward Curtis	900		
	Bills Pay.				900

Rule 5.—*The drawee's entry for a time draft is Drawer, Dr. and Bills Payable, Cr.*

EXAMPLE.—Geo. W. Allen draws a draft on Chas. W. Clinton for $500, at 45 days' sight, in favor of P. Y. Black. Write the draft as accepted by Chas. W. Clinton, and make the journal entry of each party to the transaction.

The draft is used extensively in business for the purpose of collecting accounts that are past due, and instead of the promissory note in ordinary sales of merchandise. In these cases, the draft is made payable to the order of the drawer, and is generally collected through his bank. The following are forms of sight and time drafts drawn in this manner.

FORM OF SIGHT DRAFT.


$210.55
New York, June 1, 190
At sight Pay to the
Order of Ourselves
Two hundred ten 55/100 Dollars
Value received and charge the same to account of
To E. M. Leach,
No. a. Akron, O.
Rice Bros. & Co.

FORM OF TIME DRAFT.

Rule 6.—*The drawer's entry is the same as the payee's, since he is payee as well as drawer; that is, in the sight draft he will debit Cash and credit E. M. Leach, while in the time draft he will debit Bills Receivable and credit E. B. Lacy & Co.*

EXAMPLES.—J. B. Flint, of Rochester, N. Y., draws a draft at sight, in favor of himself, on A. H. Hines, of Portland, Me., for $250, and deposits it in his bank. Write the draft and the entries of J. B. Flint and A. H. Hines.

J. B. Flint of Rochester, N. Y., has drawn a draft for $300, at 30 days' sight, in favor of himself, on J. L. Osborn, of Manchester, N. H. Write the draft, properly accepted, and make the journal entries of J. B. Flint and J. L. Osborn.

BANK DRAFT.

In business a large proportion of remittances are made by means of bank drafts, which are accepted as cash. The following is a form of bank draft.

FORM OF BANK DRAFT.

No. 569 St. Louis, Mo. June 2, 190

THE Traders National Bank

Pay to the order of Emerson Bros. $590.50

Five hundred ninety and 50/100 Dollars.

To The Seaboard National Bank, New York.

J. B. Page CASHIER

A bank draft, it will be seen, is an order from one bank on another, requesting the payment of a sum of money, unconditionally, to some person or firm named in the body of the draft. These drafts can be purchased at any bank for a small sum in excess of the amount for which they are written. It is the custom of every bank to keep on deposit a certain amount at some bank in the commercial center nearest to its place of business. For instance, all banks in the eastern states will have a deposit with some bank in Boston; all banks in the middle west, with some bank in Chicago; all banks in the southwest, with some bank in St. Louis; all banks on the Pacific coast, with a bank in San Francisco; and all the leading banks in the United States will have a deposit with some bank in New York, since New York is the commercial center of the United States.

In the case of the draft shown in the illustration, let us suppose that Emerson Bros. of St. Louis, Mo., wish to send the Eastman Kodak Co. of Rochester, N. Y., $590.50, to pay for an order of goods to be shipped at once. If the Eastman Kodak Co. are not acquainted with Emerson Bros., they would probably hesitate to accept their personal check for so large an amount as $590.50, and would delay shipment of the goods until they found out whether the check was good or not; therefore, Emerson Bros. make out a check like the following.

FORM OF CHECK.

St. Louis, Mo. June 2, 190—

The Traders National Bank

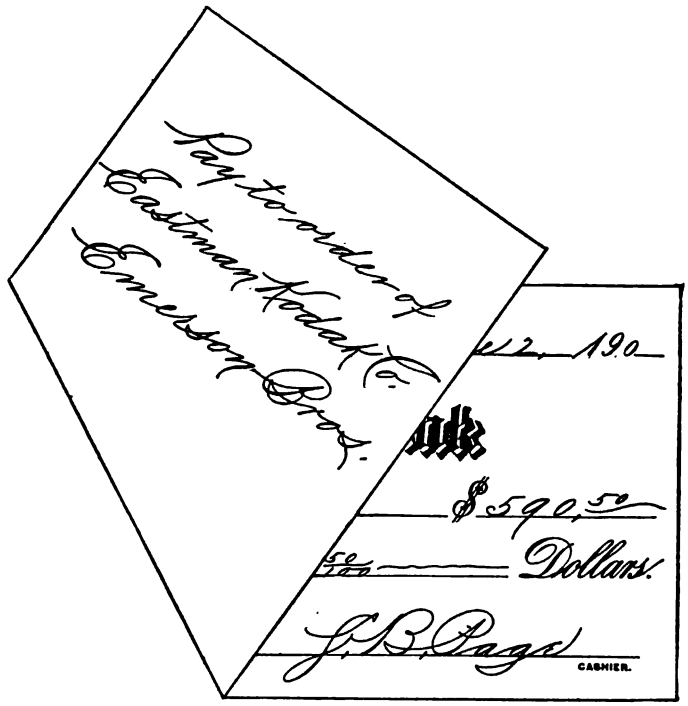
Pay to the order of N. Y. Draft (590 50/100) Each 50¢ $ 591 00/100

Five hundred ninety-one 00/100 Dollars.

No. 282 Emerson Bros.

Emerson Bros. take the above check to the Traders Bank of St. Louis. The bank will charge a small fee for exchange (in this case 50¢), which is included in Emerson Bros.' check, and will make out a draft similar to the form on page 107. Some business houses have these remittance drafts made payable to the order of the person to whom they are to be sent, but the better way is to have the draft made payable to the order of the sender, who will indorse it over to the order of the person to whom it is sent. When this is done, the draft itself, after it has been presented and paid, becomes a perfect receipt for the amount named in its face. In this case, the draft would be accepted as cash by the Eastman Kodak Co., and they would place it as a deposit in their bank in Rochester. This bank would forward the draft to the bank with which it does business in New York, and it would be presented to the Seaboard National Bank of that city, and that bank would pay it and charge it to the Traders Bank of St. Louis. The following shows the draft properly indorsed.

FORM OF INDORSEMENT.



WORK FOR THE STUDENT.

In the following exercises it is required that the student write each draft, with such indorsements or acceptance as it should bear, on foolscap, and make his journal and cash book entries on a sheet of journal paper.

If the teacher deems it advisable, he may require the student to make the journal and cash book entries of all parties to these drafts.

JUNE 1.—Emmons, Hyde & Co., of Chicago, Ill., have agreed to accept your draft at sight for $600, favor of E. L. Martin. Write the draft and make the proper entry (see rule 1, page 104).

JUNE 2.—Geo. C. Chase, Manchester, N. H., has agreed to accept your draft for $275 at 10 days' sight, in favor of Wm. Darling & Co. Write the draft and make the proper entry (see rule 1, page 104).

JUNE 3.—S. A. Dodge & Co., Millbury, Mass., have accepted your draft for $800 at 60 days after date, in favor of yourself. Write the acceptance and make the proper entry (see rule 6, page 107).

JUNE 4.—John Reynolds & Co., St. Louis, Mo., have agreed to accept your draft for $250 at sight, in favor of yourself. Place the draft in the bank and receive credit for its face. Write and correctly indorse the draft and make the proper cash book entry (see rule 6, page 107).

JUNE 5.—O. H. Waters, Boston, Mass., has agreed to accept your draft for $1200 at four months after date, favor of yourself. Write the draft and have it discounted at the College Bank and the net proceeds placed to your credit. Make the proper cash book entry.

Prepare a discount slip, treating the draft exactly as you would a four months' note of a similar amount and date.

For the above transaction, some bookkeepers would make a journal entry, debiting *Bills Receivable* (see rule 6, page 107) and crediting *O. H. Waters*, after which they would make a cash book entry, debiting *Cash* and crediting *Bills Receivable;* also crediting *Cash* and debiting *Discount* for the discount. But the journal entry is unnecessary, since the bill receivable does not remain in your possession. The better method would be to debit *Cash* for the amount of the draft and credit *O. H. Waters* in the cash book, writing *draft at 4 mos.* in the second explanation column of the cash book; then credit *Cash* and debit *Discount*, writing *O. H. Waters dft., 122 das.* in the second explanation column on the credit side of the cash book.

JUNE 6.—Wm. Parsons & Co., Worcester, Mass., have drawn on you at sight through the College Bank, for $650. You accept the draft, payable at College Bank, where you have a deposit. Write the draft and acceptance and make the proper cash book entry (see rule 3, page 105).

JUNE 8.—T. W. Preston, Toledo, Ohio, has drawn a draft on you, dated June 5th, at 30 days after sight, favor of himself, for $200. Accept the draft, payable at your office, and make the proper entry (see rule 5, page 106).

JUNE 8.—Ward Bros., El Paso, Texas, who owe you on account, draw a sight draft on Thomas Traynor & Co., Buffalo, N. Y., in your favor, for $300, and you place the draft in the bank with your daily deposit, receiving credit for its face. Write and indorse the draft and make the proper entry (see rule 2, page 104).

JUNE 9.—Fred Kemble & Co., Concord, N. H., owe you on account, and they give you a draft at ten days from date, for $4000, on A. B. Collins, Pittsburg, Pa., to apply on account, which you accept at its face and place in your bank for collection. Write the draft with the proper indorsements, and make the journal entry (see rule 4, page 106).

JUNE 10.—You owe Chas. Farnham & Co. $510 on account, and you give them a sight draft on H. A. Bowen, Portsmouth, N. H., for the amount. Write the draft and make the proper entry (see rule 1, page 104).

JUNE 11.—You owe O. D. Byron $240 on account, and in payment you give him a draft on C. P. Larcum, Syracuse, N. Y., at 10 days after date for this amount. He accepts the draft at its face. Write the draft and make the proper entry (see rule 1).

JUNE 12.—Geo. Farrish & Co., who are indebted to you, indorse over to you a draft drawn by them, in their favor, on Amos Martin, Philadelphia, Pa., for $485, dated June 1st, at four months from date, accepted by Martin. You receive the draft and give Farrish & Co. credit for its face, less discount at 6% for the unexpired time. Write the draft with indorsements and make the proper entry. (Find the due date of the draft, and discount it for the time between June 12th and the due date.)

JUNE 13.—You have in your possession a draft drawn by yourself, June 4th, on J. C. Dennis & Co., Brooklyn, for $915, at 90 days from date, and accepted by J. C. Dennis &

Co. You indorse this acceptance over to J. L. Osborn & Co., who allow you its face, less discount at 6% for the unexpired time. Write and indorse the draft and make the proper entry. (Find due date and discount for unexpired time.)

JUNE 14.—You have the draft of S. A. Dodge & Co., received June 3d, discounted at the College Bank, and the net proceeds placed to your credit. Make the proper cash book entry.

Hand the journal sheet containing the above entries, and the drafts which you have written, to your teacher for examination. Be sure you understand each transaction before proceeding.

NEW BOOKS TO BE USED.

In this month's work you will use, in addition to the books already in use, the invoice book and the bill book.

Bill Book.—This book contains a list and a brief description of all notes which come into the business or which are given by the business. When notes are received or given, the information called for should be written under the proper headings, as shown in the bill book (see model, page 112). This model contains the proper entries for all notes received and given during the month of May. You may copy the entries found in the model bill book into your bill book exactly as they appear in the model. Your bill book will then show all notes on hand and outstanding at the beginning of the month of June.

Invoice Book.—This book is generally made up of the original bills themselves which are pasted in the invoice book, as shown in the model on page 113, and the amount of each invoice is carried into the money column of the invoice book, also shown in the model. When bills are received, after they have been O. K.'d, paste them in your invoice book, taking care that the right-hand edges of the bill do not extend into the money column of the invoice book. In order to avoid this, it may be necessary to trim the edges of some of the bills, for invoices coming from different business houses will not be of uniform size. Paste lightly on the lower edges of the invoice and let them lap over each other, as shown in the model.

It will be seen that the money column of the invoice book should contain the amount of all merchandise bought by the business, and therefore the footing of this money column should be the debit of the Merchandise account. It will no longer be necessary to enter merchandise purchases in the journal, but at the end of the month, or at such periods as may be desired, the footing of the money column of the invoice book should be carried to the debit side of the Merchandise account, and the page of the invoice book carried to the folio column of the ledger, and opposite the footing in the invoice book should be written the ledger page of the Merchandise account. The amount of each bill should be posted directly from the invoice book to the credit of each person or firm from whom the merchandise is purchased, and the page of the account in the ledger should be written on the invoice itself, as shown in the model on page 113.

BILLS RECEIVABLE.

NO.	WHEN RECD.	DRAWER AND ENDORSER.	DRAWEE OR MAKER.	IN WHOSE FAVOR.	FOR WHAT RECEIVED.	WHERE PAYABLE	DATE. YEAR.	DATE. MONTH.	DATE. DAY.	TIME	WHEN DUE. Sept.	Oct.	Nov.	Dec.	L.P.	AMOUNT.	WHEN AND HOW DISPOSED OF. AMOUNT.	DATE.	REMARKS.
1	May 31		A. W. McKey	H. E. Adams	On acct	City Bk.	190	May	31	10 d/m			10			700			

112

BILLS PAYABLE.

NO.	WHEN GIVEN	DRAWER AND ENDORSER	DRAWEE OR MAKER.	IN WHOSE FAVOR.	FOR WHAT GIVEN	WHERE PAYABLE	DATE. YEAR.	DATE. MONTH.	DATE. DAY.	TIME	WHEN DUE. Sept.	Oct.	Nov.	Dec.	L.P.	AMOUNT	WHEN AND HOW DISPOSED OF. AMOUNT	DATE	REMARKS.
1	May 2		H. E. Adams	L. Kennes & Co.	Invoice	Comml. Bk.	190	May	2	60 d/m		1				1505			
5		J. E. Branson	" "	J. E. Branson	Accommodation	" "	190		5	4 m/m			5			5000			

SEEDS

No. 104

GRAIN

J. J. Broadway & Co.

GENERAL GROCERS AND COMMISSION MERCHANTS,

(Your place here)

Mar 1 1

Sold to C. W. Hammond & Co

Terms

122 Main, City

1102 20

GEO. R. DANENHOWER. JNO. C. DANENHOWER.

NO CLAIMS ALLOWED UNLESS REPORTED WITHIN FIVE DAYS AFTER RECEIPT OF GOODS.

THOMAS E. WOOD, Special Partner

No. 110

Agents for EXTON'S

G. R. DANENHOWER & SON.

Coffees & Teas a Specialty.

27 S. WATER ST. 1201-1203-1205 BROADWAY

(Your place here)

Mar 5 1

Sold to C. W. Hammond & Co.

Terms: 2/10 Net 30 days.

City.

1061 60

No. 112

C. W. DeVerson

IMPORTER AND JOBBER OF

BOURBON AND RYE WHISKIES

551 TO 557 FOURTH AVENUE

(Your place here)

Mar 6 1

Sold to C. W. Hammond & Co

Terms 2/10, 1/30 net 60 days

122 Main, City

945 34

No. 117

ISAAC WITT ANDREW BOWLES CHAS. A. NOLL M. RIVILIS JR.

MANUFACTURERS OF

White Star Mills

HIGH GRADE FLOURS

INCORPORATED

ALL BILLS SUBJECT TO SIGHT DRAFT AT MATURITY

(Your place here)

Mar 9 1

Sold to C. W. Hammond

TERMS

124 Main, City

1687

1		40 bbls White Star Flour @ 3.50			1687

O.K. C.W.H.

4796 14

ARTICLES OF COPARTNERSHIP.

ARTICLES OF COPARTNERSHIP, made the first day of June, one thousand nine hundred, between J. B. Lamson, of Manchester, N. H., of the first part, and Frank W. Garland, of Boston, Mass., of the second part, witnesseth as follows:

Whereas, the parties hereunto, having mutual confidence in each other, do this day form with each other a copartnership under the firm name of J. B. Lamson & Co., for the purpose of conducting a wholesale business in tea, coffee, spices and general groceries, at 241 Chestnut St., Manchester, N. H., under the following terms and conditions, to wit:

First. That the said J. B. Lamson of the first part shall contribute the entire resources of his late business located at 241 Chestnut St., Manchester, N. H., as shown by the statement prepared May 31, 1900, less the liabilities, as shown by his statement of liabilities prepared on the same date, which liabilities are to be paid by the firm of J. B. Lamson & Co. The total net investment of J. B. Lamson, as shown by these statements, is $7245.

Second. The said Frank W. Garland of the second part shall contribute cash to the amount of $7245.

Third. The capital so formed is to be used and enjoyed in common between them for the prosecution and management of said business, to their mutual benefit and advantage.

Fourth. Both parties shall devote their entire time to the business, and shall share gains and assets equally, and bear losses equally. J. B. Lamson is entitled to draw a salary of $125 per month, and Frank W. Garland is entitled to draw a salary of $100 per month from the funds of the business.

Fifth. The said J. B. Lamson hereby guarantees that all notes and personal accounts due J. B. Lamson, and invested by him in the firm of J. B. Lamson & Co., shall be worth their face value, less any regular trade discounts to which they may be entitled.

In Witness Whereof, the parties hereto have hereunto set their hands and seals, in duplicate, the day and year first above written.

J. B. LAMSON. [L. S.]
FRANK W. GARLAND. [L. S.]

Signed, sealed and delivered in the presence of

F. W. EARL.

WORK FOR THE STUDENT.

JUNE.

No. 67.—JUNE 1. H. F. Adams is desirous of adding a line of standard groceries to the Tea, Coffee and Spice business in which he is now engaged. Not having sufficient capital to carry on the business alone, he has sold to you a one-half interest in his business for a sum equal to his net worth at the close of the month of May.

Mr. Adams is to do all the buying for the new firm and also to spend a part of his time as traveling, or outside, salesman, while you are to take full charge of the books and attend to the payment of bills, make all notes, checks, drafts and other negotiable paper of the firm, and attend to the management of the store.

The gains and losses of the business are to be shared equally. Each partner is to give his full time to the business, and H. F. Adams is to draw a salary of $125 per month and you a salary of $100 per month. The firm name is to be H. F. Adams & Co.

Prepare articles of copartnership between the two partners, yourself and H. F. Adams, (see model, page 114). For amount of investment, see H. F. Adams's present worth, statement May 31. Present this copy to your teacher for approval, and make such changes as he may suggest. Copy carefully, in ink, on legal cap, the corrected articles of copartnership and present to your teacher, who will sign for H. F. Adams. Sign your own name below that of H. F. Adams, and affix seals. Ask some student, or your teacher, to sign as witness in the left-hand corner opposite the names of yourself and H. F. Adams.

In business two copies should be prepared, one for each partner, and a lawyer experienced in partnership affairs should prepare these articles of copartnership.

Fold the articles of copartnership twice from bottom to top, and brief them by writing on the outer right-hand corner at the top the following:

Articles of Copartnership
between
H. F. Adams
and
(*Student's Name*)
June 1, 190–

No. 68.—JUNE 1. Procure from your teacher $200 in cash and check for the balance of your investment, which will be the same as H. F. Adams's present worth at the end of May. Enter the amount in the cash book on first line below the balance for June 1, crediting yourself for investment.

Write a check in favor of H. F. Adams & Co. for the amount of H. F. Adams's balance in Commercial Bank, as shown by the stub of your check book. Deposit this check and check received from teacher. You will no longer sign or indorse checks and other negotiable paper with your name as attorney, for you are now a member of the firm of H. F. Adams & Co., and have the same right to sign checks and other papers that Mr. Adams has; but, in order that your teacher may be able to identify your work readily, you will write your own name under that of H. F. Adams & Co. on all paper you may have occasion to indorse or sign.

No. 69.—JUNE 1. You will pay H. F. Adams's gas bill for the month of May, $7.87. This bill belongs to last month's business, but it has been agreed that such bills as did not appear on the books shall be paid by the new firm when due.

Write a check for the amount and place the receipted bill in your Voucher File. Place the check in Cash Paid Out. Make the proper entry in your cash book.

No. 70.—JUNE 3. This transaction calls for an invoice of merchandise purchased. Examine the invoice and see that it is correct. If found to be correct, paste the invoice in your invoice book and write the amount of the invoice in the money column of the invoice book (see model, page 113). No journal entry is required for this transaction for, as explained under "Invoice Book," page 111, all postings are made directly from the invoice book.

No. 71.—JUNE 3. This transaction is similar to No. 70 and should be treated in the same manner.

Examine the invoice and see that it is correct; if so, then paste it in the invoice book and enter the amount in the money column of the invoice book.

No. 72.—JUNE 4. You now take out a policy of insurance on your stock of merchandise for $3000 at 1% premium.

Make a check for the amount in favor of the Equitable Fire Insurance Co. Place it in your Cash Paid Out envelope. Place the policy in your Voucher File, and make the proper cash book entry (see transaction No. 30, page 82).

No. 73.—JUNE 4. You have outstanding a note in favor of L. Hennes & Co., for $1505, which is due 60 days after date, May 2d. This note will fall due July 1st.

As you have money in the bank which you do not need to use in your business at present, you may pay this note. It is the custom in business to allow discount for the unexpired time on all notes paid before due. You will therefore take the note from Bills Payable File and calculate the discount on its amount for the time which it still has to run (from June 4th to July 1st=27 days). Subtract the discount, $x.xx, from the amount of the note, and write a check for the balance. Place the check in Cash Paid Out, and write *Paid, June 4, 190–*, across the face, and place the canceled note in your Voucher File. This transaction calls for a cash book entry. Credit *Cash* for the full amount of the note, and debit *Cash* for the amount of the discount. In your bill book under *When and How disposed of* place *1505* in the Amount column, *June 4* in the Date column, and *Discounted* in the Explanation column.

FORM OF NOTIFICATION OF DRAFT.

Rome, N. Y., June 1, 190 .

Messrs. White, Smith & Perry,
262 Brown St.,
Providence, R. I.

Gentlemen,--

We have this day drawn upon you at sight, in favor of A. V. Jackson & Co., for $225. Please honor the draft and oblige

Yours truly,
Williams & Raymond.
W.

No. 74.—JUNE 5. You may draw at sight on Rice & Pond, of Georgetown, for $265, which is the amount you owe E. Westen Tea & Spice Co., to balance the account of May 7th.

Write the draft, following the model on page 103. Enclose it with a letter of remittance properly addressed to E. Westen Tea & Spice Co. (see model, page 86). Write a letter to Rice & Pond, notifying them that you have drawn on them at sight for $265,

and request them to honor the draft (see model, page 116). Referring to rule 1, page 104, make your journal entry. Place both letters in your Vouchers for Others.

No. 75.—JUNE 5. F. C. Tenney, who lives in your city, has agreed to accept your draft at sight for $90, in favor of C. K. Fox, who also lives in your city.

This transaction is similar to No. 74. Write the draft and place it in Vouchers for Others. Make your journal entry as in No. 74. Why do you make *C. K. Fox* Dr.? Why do you make *F. C. Tenney* Cr.?

No. 76.—JUNE 5. This order has been received from your Mr. Adams, and A. W. McKey agrees to accept a draft at 30 days from the date of the sale.

Using the model on page 105 as a form, draw a draft at 30 days for the net amount of the bill, as shown in the right-hand column of your sales book. Do not write *Accepted* across the face, but take the draft to your teacher, or to the person appointed to attend to such paper, and if correct, he will write *Accepted*, with the name *A. W. McKey*, across the face of the draft. When he has done so, place the accepted draft in your Cash Drawer. Make the proper journal entry. What account should be debited, and why? What account should be credited, and why? (See rule 6, page 107.)

Make a bill of the goods ordered, checking off each item on the saleman's order. Enter the sales in your sales book, deducting 1%, and place the bill in your Vouchers for Others.

No. 77.—JUNE 6. This is also a salesman's order from a city customer, and calls for a 3% discount for payment by ten-day acceptance.

Fill the order, verify your calculations, and enter in your sales book, deducting 3%. Draw a ten-day draft on F. C. Tenney for the net amount of the bill and take it to your teacher for approval. If the draft is correct, he will accept it for F. C. Tenney. Place the draft in your Cash Drawer and make the proper journal entry. This transaction is similar to No. 76.

No. 78.—JUNE 6. This invoice has been purchased by Mr. Adams, who has agreed to accept a draft at 10 days, and the draft ready for acceptance accompanies the invoice.

See that the invoice is correctly made, and if the amount is right, then write across the face of the draft, in red ink, *Accepted, payable at Commercial Bank*, with the date, *June 6, 190–*, and sign the name, *H. F. Adams & Co.* Place the draft thus accepted in your Bills Payable File, after you have entered it in your bill book.

Paste the invoice in your invoice book, and at the proper time you will post it from this book to the debit of *Merchandise* and to the credit of *West, Stone & Co.* Make a journal entry, debiting *West, Stone & Co.* for the amount of the acceptance. What account should be credited, and why? (See rule 16, page 30.)

Some bookkeepers would post direct from the invoice book to the credit of Bills Payable, but if this is done the ledger will not show how much business you have done with West, Stone & Co., and it is believed this information is worth more than the trifling addition of time required to post to the credit of West, Stone & Co. from the invoice book, and then post back to their debit from the journal.

No. 79.—JUNE 7. This order has been taken by Mr. Adams, who has received a check for $600, to apply on account.

No receipt is required. Fill the order, checking off each item. Verify your calculations and enter in the sales book. Place the check in your Cash Drawer, and make the proper entry in your cash book.

No. 80.—JUNE 7. Deposit in your bank the check received from A. A. Knowles & Co., and have the two acceptances received June 5th and 6th discounted and the net proceeds placed to your credit.

Your bank pass book should show a separate entry for each of these acceptances. You may also leave for collection the note of A. W. McKey, which is due June 10th. This note should be entered in your bank pass book, but the amount should not be extended into the money column. The following is the form of entry to be made in the bank pass book.

June	7	Note, A. W. McKey, $700,		

See that your notes are properly indorsed and make out a separate discount slip for each of the acceptances. Make cash book entries and entries in your bill book for the two acceptances, but no entry should be made for the note which is left merely for collection. You will be notified when it is paid and the amount will be carried into the money column of your pass book. Do not forget to enter the net proceeds of the two acceptances on the stub of your check book.

Some banks give a receipt for notes and other paper left for collection, instead of entering short in the pass book. Others enter all such paper in the back part of the pass book.

No. 81.—JUNE 7. REPORT. Make out your report and hand it, with Vouchers for Others and Cash Paid Out, to your teacher.

Do not proceed until this report is returned, approved, unless your teacher so directs.

No. 82.—JUNE 8. Pay your bill of June 1st, favor of City Mills Co., deducting a discount of 3%.

Calculate the discount and make out a check for the balance. Fill out a remittance blank, and place the check and the remittance blank in Vouchers for Others. Make the proper entries in the cash book.

No. 83.—JUNE 8. This invoice has been received for goods purchased by Mr. Adams. Verify the invoice and paste it in your invoice book.

No. 84.—JUNE 10. Pay your invoice of June 2d by check, less discount, and make the proper entries in your cash book.

No. 85.—JUNE 10. This order has been received by mail.

Make a bill for the merchandise, checking each item as entered on the bill. Draw a draft, as requested, and leave the draft at your bank for collection, having the amount short-extended in your bank pass book. This draft, when accepted, will become a bill receivable. If you should send the draft to Mason & Co. for acceptance, you would make no entry at the time, but would await its return from them. Instead of doing this you have placed the draft in the bank for collection, which is the ordinary method of handling such paper. As Mason & Co. have agreed to accept it, you may debit *Bills Receivable* and credit them. Enter the draft in your bill book.

No. 86.—JUNE 11. This order has been handed in by Mr. Adams.

Make a bill, and do not forget to check off the items. Be sure your calculations are

right, after deducting 3% discount. Charge Fletcher Bros. only the net amount of the bill entered in the sales book, as you know them and are sure they will pay on receipt of goods.

No. 87.—JUNE 11. This check has been received in payment of merchandise delivered on the same date to Fletcher Bros. Credit them for the amount of the bill, as shown in your sales book under same date.

No. 88.—JUNE 11. This bill is for freight and drayage on all goods received up to date.

You may pay this bill in cash. Place the amount in your Cash Paid Out envelope, and place the receipted bill in your Voucher File.

No. 89.—JUNE 12. On May 5th H. F. Adams borrowed from the bank $5000, to pay for the building and lot, #246 Main St., giving a four months' note for the amount. As the firm now has several thousand dollars in the bank, for which there is no immediate use, it will be well to pay this note, as discount will be allowed for the unexpired time. The note has 85 days to run, and the discount on $5000 for 85 days is $7x.x3.

Make a check for $49xx.x7, take it to the bank teller and receive the canceled note. Make an entry in the cash book and in your note ledger. If no bank is used in connection with these transactions, the note will be found in Bills Payable File. Take it from the file and place the check in Cash Paid Out, instead of giving it to the bank teller. Write, *Paid, June 12, 190–*, across the face of the note, and place it in your Voucher File.

No. 90.—JUNE 12. This order has been received through Mr. Adams, together with a check for $500 to apply on account. Make the bill and enter in the sales book. Credit *F. H. Randall & Co.* in the cash book for the amount of the check.

No. 91.—JUNE 13. This invoice has been purchased by Mr. Adams, who has O. K.'d it. Verify the calculations and paste the invoice in the invoice book.

No. 92.—JUNE 13. Take from your Cash Drawer $100 in currency, and also the checks of Fletcher Bros. and F. H. Randall & Co. Deposit these in the bank, and ask the teller if the interest-bearing note of A. W. McKey, dated May 31st, and left by you for collection, has been paid. It has been paid. Therefore, have him place the note and interest to your credit in the bank pass book. On a slip of paper calculate the interest on this note for 10 days, and add the amount of the interest to the face of the note. This is the amount which should be placed to your credit in the bank pass book. If your interest calculation is correct, the bank clerk will give you credit for the amount of the note, which is its face plus the interest. (If no bank is used, enter the amount yourself.) Add this amount to your bank balance on the stub of your check book, and also add the amount of the deposit slip.

You have received $701.17 in cash. Of this amount $700 is for bills receivable, the amount of A. W. McKey's note; therefore, *Bills Receivable* should be credited $700 in the cash book, with the explanation, *A. W. McKey's note 5/31.* The remaining $1.17 has been received for interest, and therefore *Interest* should be credited in the cash book $1.17, with the explanation, *on above note.*

Rule 23.—*INTEREST is credited when it is allowed to the business by other persons.*

No. 93.—JUNE 13. Your acceptance of June 3d is due to-day, and as it was made payable at the bank, it should be charged to your account.

Take this acceptance from the Bills Payable File, and present it to the bank teller, requesting him to charge it to your account. He will keep the draft and return it to you canceled when your bank book is written up. If you have no bank, write *Paid, June 13*, across the face of the draft, and enter it on the credit side of your bank pass book, placing the canceled draft in your Voucher File.

Make an entry in your cash book, to show that the acceptance has been paid. What account should be debited? Why? In your check book on the stub deduct this amount, $1111.62, from the amount on deposit, as shown by the balance of the stub. Why should this be done?

No. 94.—JUNE 14. This order has been sent in by Mr. Adams, who is on an out of town trip. Desiring to take advantage of the discount, Rice & Pond have given him their note at four months, with interest, for $1000, to pay the balance of their old account and to apply on this order. They agree to accept a sight draft for the balance of the order, whatever it may be, or will send check on receipt of bill.

Fill the order and enter in your sales book, allowing them 3% discount. Prepare freight receipts to accompany this invoice. Place the note in your Cash Drawer and make the proper entries in the journal and in the bill book. Do not draw at sight for the balance, but allow it to remain on account.

No. 95.—JUNE 14. This order is from a new customer and is sent in by Mr. Adams, who vouches for the financial standing of the firm. They ask regular ten-day cash discount, and agree to accept a sight draft in ten days.

Make the invoice and freight receipts and draw a sight draft, dating it ten days ahead, or June 24th. Write a letter to accompany the bill, informing Varick & Co. that you will draw on them, as requested, in ten days. Enclose invoice, letter and freight receipt in an envelope properly addressed. Place the draft in your Cash Drawer, and two or three days before it becomes due place it in the bank for collection. You will be informed when to do this.

Many bookkeepers would not draw the sight draft at this time, but would wait until it became due. If a draft is not drawn at the same time a sale is made, it is apt to be overlooked.

No. 96.—JUNE 14. Pay your invoice of June 5th, City Mills Co., $1266, less 3% discount. Calculate the discount, which will be $3x.x8. Write a check for the amount due. Enclose the check with a remittance blank filled out in a properly addressed envelope, and place in Vouchers for Others. Make the proper entries for the transaction.

No. 97.—JUNE 15. This purchase has been made by Mr. Adams, who, wishing to take advantage of the best discount, agrees to pay spot cash or to give a note with interest. Not wishing to pay cash at this time, you may give a note at 15 days, with interest, for the amount of the invoice. Paste the invoice in the invoice book and make entry in the note ledger. Place the note in Bills Payable File.

No. 98.—JUNE 15. SHIPMENTS. This letter calls for a shipment of merchandise to another person, to be sold on commission, and such transactions are not at all uncommon in business. When, for any reason, goods are not selling well in any particular locality, it is often good policy to send them to a commission merchant in some place where there is likely to be a better demand for them. The commission dealer sells the goods, and after taking a certain per cent for commission, sends the balance to the person

who shipped the goods. A quantity of goods shipped to be sold on commission is designated as a "shipment." The shipment is entered in the sales book under the title "Shipment to (the name of the commission dealer)." The shipment is charged for the regular cost price of the merchandise, and if any charges have been paid the shipment is also debited for these in the cash book.

An account is opened in the ledger with each shipment. If two or more shipments are sent to the same person or firm, an account is opened with Shipment to ———— #1, Shipment to ———— #2, and so on, opening a separate account for each shipment sent.

You may send T. W. Bowen & Co., Dover, a trial shipment of 50 brls. Northern Star and 25 brls. Searchlight. Fill out a shipment blank found in your business forms, also a freight receipt, which you will enclose in an envelope addressed to T. W. Bowen & Co. The following is a form showing the proper method of entering a shipment in the sales book.

	Shipment E. M. Pace #1 Chicago, Ill.				
	50 bbls. White Cloud Flour		4 50	225	
	100 " Snow Flake "		4 25	425	
	20 hf. chts. Oolong Tea	10000	50	500	1150

Rule 24.—*SHIPMENTS are debited for the cost price of the merchandise shipped, and for all advance charges paid upon it.*

Find the cost price from your invoice book.

No. 99.—JUNE 15. You may pay your clerks as follows: R. E. Leavitt, $30; D. J. Allard, $20. As you have not enough money in your Cash Drawer, you may make out a cash check for the amount required, $50. Receive the cash and place it in Cash Paid Out.

If there is no bank, present the check to your teacher, who will give you the money. Make the proper entry for the above transaction.

When cash is drawn from a bank for use in business, what is known as a cash check should be used. Such a check requires no indorsement. The following is a form of cash check.

June 15, 190—
(Your place here.)

ALLIANCE BANK

Pay to the order of Cash ———— $ 70.00

Seventy 00 ———— Dollars

No. 914 John B. Smith

No. 100.—JUNE 15. REPORT. Make out your report and hand it, with Vouchers for Others and Cash Paid Out, to your teacher. Do not proceed until the report is returned, approved, unless your teacher so directs.

No. 101.—JUNE 17. This is a mail order and calls for a small lot of tea, to be followed with a larger lot of goods, to be sent as soon as you are satisfied as to the reliability of the firm, with whom you have had no dealings thus far.

Make out a C. O. D. and enter the sale in your sales book, as in No. 40, page 88. This is a cash sale, and as such it is entitled to 3% discount. Deduct the discount when you enter in the sales book, also upon the bill, which should be for the net amount only.

No. 102.—JUNE 17. You have received but few orders for Ceylon tea recently, so you have decided, with Mr. Adams, to make a shipment of 20 cases of this tea, closing out your stock. Send it, with 10 mats Java coffee, to T. W. Bowen & Co., of Dover, to be sold on commission. Pay freight in advance, $3.60, in currency.

Enter the shipment in your sales book (T. W. Bowen & Co. #2), and make the proper entry in your cash book for the $3.60 paid as freight. What account should be debited for this amount? Why? (See No. 98.)

No. 103.—JUNE 17. This purchase of merchandise has been made by Mr. Adams. Paste the invoice in your invoice book after verifying the calculations.

No. 104.—JUNE 18. Write a check for the amount due Shields Bros., and send it with a remittance blank properly filled out. Make the proper entry.

No. 105.—JUNE 18. This draft has been drawn on you by L. Hennes & Co., and is the amount due for bill of May 24th. You will accept the draft, and place it in your Bills Payable File. What account should be debited? Why? (See transaction, No. 78, page 117.)

No. 106.—JUNE 19. The references given by D. W. Perry & Co. having proved satisfactory, you may fill their order of June 15th. Do not forget to check each item and make the entry required.

No. 107.—JUNE 19. This is a return of C. O. D. sent June 16th. Make the proper entry (see No. 47, page 89). Pay 50¢ in currency for express charges.

No. 108.—JUNE 19. Take from your Cash Drawer the note of Rice & Pond received June 14th, and have it discounted and the net proceeds placed to your credit.

This is a fourth months' interest-bearing note, therefore, on a discount memorandum, write the amount of interest which will be due Oct. 12th, on which date the above note is payable, and add the interest to the face of the note. The interest on $1000 for four months is $20. From June 19th to Oct. 12th, the due date of the note, is 115 days. Calculate the discount on $1020, the amount due Oct. 12th, for 115 days. This amount is $19.55, which subtract from $1020, and you will have the amount to be placed to your credit in your bank pass book and on the stub of your check book.

In the cash book you have received cash for the note, $1000, and also for the interest, $20; therefore, you will have two entries on the debit side of your cash book. What account should be credited for the $1000? Why? What account should be credited for the $20 interest?

On the credit side of your cash book you should place the amount of discount you have allowed the bank, which is $19.55 (see example May 9, page 99).

No. 109.—JUNE 19. In this transaction Randall & Co. have ordered goods and sent you a check sufficient to pay the balance of their bill of June 12th, and part of the merchandise ordered in their letter accompanying the check. They are entitled to 3% discount on such goods as this check will pay for. At 3% discount, 97% will pay for $1.00 worth of goods as invoiced at their regular price, therefore it is evident that $600 will pay for as many dollars' worth as 97% is contained in $600. $600÷.97=$618.56, and *F. H. Randall & Co.* should be credited with this amount. Enter *$618.56* on the debit side of your cash book, and on the credit side enter *$18.56*, the amount of merchandise discount allowed F. H. Randall & Co. Enter the sale as usual in the sales book. Do not deduct 3%.

No. 110.—JUNE 20. This account sales has been received, together with a check for the net proceeds. It is the amount you have received for the shipment made June 15th, and shows you how much Bowen & Co. received for the goods, also the amount they paid for freight and their commission. What account should be debited? What account has produced value to the business in this case?

Rule 25.—*SHIPMENTS are credited with the net proceeds shown on the account sales received from the person to whom the shipment was sent.*

Place the check in your Cash Drawer, and the account sales in your Voucher File.

No. 111.—JUNE 20. Take from your Cash Drawer $50 in bills; also the checks of F. H. Randall & Co. and T. W. Bowen & Co. Enter the amounts on a deposit ticket, and take it with the checks and your bank pass book to the bank. Make the proper entry on your check book stub.

No. 112.—JUNE 20. Purchase of merchandise on account by Mr. Adams.

No. 113.—JUNE 20. Pay Reynolds, Davis & Co's. invoice of June 10th, less 2%, by check.

No. 114.—JUNE 21. This bill is for freight and cartage to date. Write a check for the amount, and place it in Cash Paid Out. Place the receipted bill in your Voucher File. What account should be debited for this amount in your cash book?

No. 115.—JUNE 21. Mr. Adams has purchased this invoice and has agreed to accept a draft at 30 days for $800, the balance to be paid in four months. Accept the draft which accompanies the invoice, and place it in Bills Payable File. Make the proper entries in your books for the transaction.

No. 116.—JUNE 21. This purchase is on account. Enter as usual.

No. 117.—JUNE 22. Mr. West, of West, Stone & Co., has called upon you, soliciting orders, and being short of money has agreed to allow you 2% discount on the invoice of May 20th, which is not due until July 19th, if you will accept a ten-day draft. You agree to this proposition, and accept a draft for the amount, less 2%. Place the draft in Bills Payable File. What account should be credited for the 2% discount?

No. 118.—JUNE 22. Smith, Perkins & Co. have decided to retire from business, and have made Mr. Adams an offer of 12½% discount from regular market quotations for such goods as he can use from stock. This invoice has been selected on the terms indicated. Write the check and note, and enter in cash book, journal and bill book. Place the check in Cash Paid Out and the note in Bills Payable File.

No. 119.—JUNE 24. Take the sight draft on Thos. Varick & Co. from your Cash Drawer and enter it on a deposit ticket. Take this ticket, with your bank pass book, to the bank, and ask the teller to enter it to your credit. You drew this draft at the time of sale, but made no entry. What account should be debited, now that you have received credit for the draft at your bank? What account should be credited?

It is the custom of most banks to place sight drafts to the credit of responsible depositors, when requested, the same as checks. If not paid, they are charged back to the depositor.

No. 120.—JUNE 24. REPORT. Make out your report and hand it, with Vouchers for Others and Cash Paid Out, to your teacher. Do not proceed until the report is returned, approved, unless so directed by your teacher.

No. 121.—JUNE 24. This account sales has been received from T. W. Bowen & Co., who have placed the net proceeds to your credit subject to your sight draft. What account should be debited for this amount? Why? What account should be credited? Make the proper entry in your journal, and place the account sales in your Voucher File.

No. 122.—JUNE 24. Fletcher Bros., of your city, have been getting 3% discount for cash, but being short of money at this time, they ask you to take their acceptance at 30 days, with interest at 6% added, for the amount of the bill, and still allow them the full amount of the discount. Adding 6% interest to the net amount of the bill will give you, in 30 days, the same amount as if they had paid you cash and you had placed it on interest for that time, so you will accept the proposition and fill the order.

Draw a draft at 30 days on Fletcher Bros. for the net amount of the bill, as shown by the sales book, with 30 days' interest at 6% added. Take the draft to your teacher, who will accept it for Fletcher Bros. if the amount is correct. Enter in your sales book, journal and bill book.

No. 123.—JUNE 24. The draft on E. Mason & Co., at 10 days, left for collection June 10th, has been paid. Have the bank teller enter the amount in your bank pass book. (If you have no bank, enter it yourself.) Make the proper entry in your cash book, and do not fail to add the amount to the balance shown on the stub of your check book.

No. 124.—JUNE 24. Draw a draft at sight on T. W. Bowen & Co. for the net proceeds of shipment No. 2, as shown by account sales of June 22d. Enter the amount of this draft on a deposit slip and take it to the bank with your bank pass book. Have the teller give you credit for the amount of the draft (see No. 123). Enter on the stub of your check book. Make the proper cash book entry.

No. 125.—JUNE 24. This order is sent in by Mr. Adams, and Varick & Co. agree to accept a draft at four months on receipt of goods. (No discount on this order.) Make freight receipt.

No. 126.—JUNE 24. This order is sent in by Mr. Adams, and contains a check for $500, to apply on invoice of the 19th, less 3% for such part of the bill as this check will pay (see transaction No. 109, page 123).

No. 127.—JUNE 25. This acceptance was drawn by A. W. McKey on C. H. Brooks & Co. on June 15th, and was accepted by C. H. Brooks & Co. McKey hands the acceptance over to you; it is not due for 50 days, therefore it is not worth its face, $500, but the discount on $500 for 50 days should be deducted from the face of the paper in order

to find out what it is really worth to you on June 25th. The discount on $500 from June 25th to the date at which the draft becomes due, August 14th, 50 days, equals $4.17. Deducting $4.17 from $500 leaves $495.83, the net value of the draft June 25th. Credit *A. W. McKey* for this amount. What account should be debited for the face of the draft? Why? What account should be credited for $4.17? Why? Make proper entry in bill book.

Enter in your journal.

Rule 26.—*DISCOUNT is credited when it is allowed to the business by other persons.*

No. 128.—JUNE 25. Ship T. W. Bowen & Co. 100 brls. N. S. flour, 100 brls. Searchlight, 20 hf. chests English Breakfast, 24 hf. chests Oolong, 100 doz. C. corn, 100 doz. C. tomatoes, and pay freight in advance by check, $27. Make sales book and cash book entries.

No. 129.—JUNE 25. Draw at four months from date, on Varick & Co., in favor of E. Westen Tea & Spice Co., for the amount of the bill of the 24th, $510.04. Send it to E. Westen Tea & Spice Co., to apply on account, less the discount for four months.

The draft is not worth $510.04 until it becomes due, four months after date, or Oct. 25th. Calculate the discount for four months, which will be $10.20. The net value of the note at this time, therefore, is $499.84. For what amount should E. Westen Tea & Spice Co. be debited? For what amount should Varick & Co. be credited? What account should be debited for $10.20? Why? Place the draft in Vouchers for Others, and enter in your journal.

No. 130.—JUNE 26. On the evening of June 25th a fire resulted in the partial destruction of the building, #246 Main St., and the total loss of office furniture. The books were saved; also the cash and the contents of safe. Most of the goods were destroyed. From your books you find that you had on hand the list of goods No. 130. This schedule of goods has been carefully made up from your sales book and invoice book, and is believed to be a correct statement of merchandise on hand at the time of the fire.

Fill out the amounts. Sign your own name after that of Mr. Adams. Then hand the schedule to your teacher, who represents the insurance company, and tell him that you present this as your claim for loss by the fire.

No. 131.—JUNE 26. This offer requires the consent of the Equitable Insurance Company before it can be accepted, as no adjustment of the loss has been made. Ask your teacher, who represents the insurance company, for permission to accept this offer. He will write *Permission is hereby granted to accept this offer*, across the face of the letter from Fletcher Bros., and you may make out a bill of sale for the entire lot without itemizing. Place the check (No. 131) in your Cash Drawer, and make the proper entries.

No. 132.—JUNE 27. Pay invoice of June 14th favor of Geo. C. Buell & Co., less discount, by check.

No. 133.—JUNE 28. Your acceptance of June 18th, favor of L. Hennes & Co., is due to-day.

Take this acceptance from Bills Payable File, and proceed exactly as in No. 93. Enter in your cash book, bill book, and check book. Deduct the amount from your bank balance on the stub of your check book.

Statement of Losses &

Mdse. on hand at end of May	2240		
" cost of during June	6860		9100
			9100
Loss brought down			1490
Ship't. Bowen & Co. #2 cost	540		
" " " " net proceeds	525		15
Real Estate value at end of May	2000		
" " recd insurance 1200.			
" " value of lot 400.	1600		400
Expense			420
Office Fixtures destroyed by fire			247 50
			2572 50

No. 134.—JUNE 30. This draft is in full payment of claims against the Equitable Insurance Company, which pays you $5000 on the building and $3000 on the stock of merchandise. What account should be credited for $5000? What account for $3000? Make the proper entries.

No. 135.—JUNE 30. Deposit all checks and cash. Pay your note of June 15th and interest by check. Face of note, $816.55; interest, 15 days, $2.xx. The check is $818.xx. Proceed as in example May 14, page 99.

Rule 27.—*INTEREST is debited when it is allowed by the business to other persons.*

No. 136.—JUNE 30. In the journal credit yourself $100 and H. F. Adams $125 for the amount due for salaries for the month of June. What account should be debited for $225?

No. 137.—JUNE 30. Draw a cash check for $50, and pay H. F. Leavitt $30 and D. J. Allard $20, salaries due to date.

No. 138.—JUNE 30. H. F. Adams hands in this bill (No. 138) of $87.50 for traveling expenses incurred while on the road during the month of June, which he has paid

Gains, June 30, 190-

Mdse. sales during the month of June			7610
Loss carried down			1490
			9100
Shipt. Bowen & Co. #1 net proceeds		545	
" " " " cost		750	95
Mdse. Disct. excess of credits			65
Interest " " "			750
Discount " " "			12
H. F. Adams ½ net loss		1196 50	
Student ½ " "		1196 50	2393
			257250

*To be written in red ink.

from his own funds. What account should be debited for this amount? What account should be credited?

No. 139.—JUNE 30. Pay freight and cartage bill to date by check.

No. 140.—JUNE 30. // Make a report and hand it, with Vouchers for Others and Cash Paid Out, to your teacher.

Have your bank book written up.

Post your transactions from journal, cash book, invoice book and sales book. Check back your postings according to instructions on page 26. Make out your monthly statement to each customer and take a trial balance. Do not close the cash book, but find the balance in pencil and carry it to the trial balance.

DIRECTIONS FOR MAKING A STATEMENT OF LOSSES AND GAINS.

JUNE 30, 190-.

Using the above form as a model, prepare in your trial balance book a statement of the gains and losses of the month just closed. The names of the accounts used in the model are those of your June accounts, but the amounts are entirely different, and are used only to show you the exact form of a complete statement.

Statement of Resources &

Cash in bank		5697
Property as under:		
Real Estate inventory valuation		400
Sundry trade debtors as under:		
Bills Rec. notes and acceptances		3660
Open book accts, considered good		8600
		18357

The merchandise on hand at the beginning of the month of June, and the cost of merchandise during the month, will be found on the debit side of the Merchandise account in the ledger. The sales of merchandise during the month of June will be found on the credit side of the Merchandise account in the ledger. This amount includes the amount received for insurance. Find the loss, and close the first section of your statement of gains and losses, bringing down the loss in the second section. Find the cost of shipment to T. W. Bowen & Co., No. 2, from the debit side of that account in the ledger; find the net proceeds from the credit side. Find the value of real estate at the end of May from the statement of resources and liabilities, May 31st. The lot on which your building formerly stood is estimated to be worth $6000. The amount received for insurance is shown on the credit side of Real Estate account in your ledger. The amounts of expense and office fixtures will be found on the debit side of those accounts in the ledger. Net proceeds of shipment to T. W. Bowen & Co., No. 1, will be found on the credit side of that account in the ledger; the cost on the debit side. The excess of merchandise discount will be found by taking the balance of that account, as shown in your trial balance, and the same is true of interest and discount. Write the net loss in red ink, and close the statement of gains and losses.

DIRECTIONS FOR MAKING A STATEMENT OF RESOURCES AND LIABILITIES, OR BALANCE SHEET.

JUNE 30, 190–.

Using the above form as a model, prepare in your trial balance book a statement of resources and liabilities for the month of June. The names used in the model are those

Liabilities, June 30, 190-

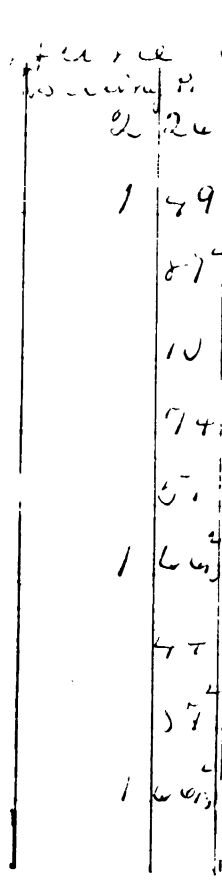
Sundry trade creditors as under:		
Bills Pay. notes and acceptances		1200
Open book accts.		5300
		6500
H. F. Adams invested	7200	
" " ½ net loss	1196 50	
" " present worth		6003 50
Student invested	7050	
" ½ net loss	1196 50	
" present worth		5853 50
		18357

of your accounts for the month of June, but the amounts are entirely different, and are used merely to give you a complete form.

Cash in bank will be the amount of cash shown in your trial balance; also on the stub of your check book. *Real Estate* will be shown by your inventory at the end of June, $6000. *Bills Receivable* will be the balance of that account, as shown in your trial balance. *Open book accounts considered good* will comprise the accounts of A. A. Knowles & Co., Dickson & Young, A. W. McKey, F. C. Tenney, F. H. Randall & Co., Rice & Pond, Edwin Mason & Co., D. W. Perry & Co., and shipment T. W. Bowen & Co., No. 3, as shown in your trial balance. *Bills Payable* will be the balance of that account, as shown in your trial balance. *Open book accounts* will be the balances due West, Stone & Co., E. Westen Tea & Spice Co., Shields Bros., and Smith, Perkins & Co.

Close all accounts in your ledger showing losses or gains; also the Loss & Gain account, and the partners' accounts.

No. 141.—JUNE 30. It has been decided to discontinue the business. You take for your net worth the amount of the shipment to T. W. Bowen & Co., No. 3, at its ledger valuation, $1955, and receive a check for the balance. Make out the check, and enter in the cash book. Make a journal entry to show the transfer of the shipment. Post these two entries and balance the cash book. H. F. Adams retains the remaining resources of the business, you agreeing to make up one-half of any losses which may occur from bad debts, and he agreeing to pay all the liabilities of the business. The real estate is valued at $6000. Draw a check to the order of H. F. Adams for the balance of cash remaining in bank. Indorse this check in H. F. Adams's name to the order of your teacher and give it to him. (No entry.)



TRANSACTIONS.

JUNE 1.—Commenced the Wholesale Carpet business, at 182 Elm Street, investing cash, $5500.

JUNE 1.—Paid $250 for office furniture.

JUNE 2.—Bought of John H. Pray & Co., Boston, net 30, 2% 10, 600 yds. Moquette, 750 yds. Body Brussels, 1200 yds. Ingrain, 1200 yds. Matting, 2500 yds. Lining.

JUNE 3.—Bought of Barton & Bros., Philadelphia, on your note at 15 days, with interest, 1220 yds. Linoleum, 1429 yds. Oilcloth.

JUNE 4.—Sold E. B. Alling & Co., 3% cash, 125 yds. Moquette, 150 yds. Body Brussels, 300 yds. Lining.

JUNE 4.—Sold F. H. Walling & Co., net 30, 2% 10, 200 yds. Ingrain, 400 yds. Matting, 600 yds. Lining.

JUNE 4.—Sold J. G. Carter & Co., on their note at 4 mos., 400 yds. Moquette, 450 yds. Body Brussels, 850 yds. Lining.

JUNE 5.—Sold E. H. Smith & Co. on their acceptance at 30 days, 75 yds. Moquette, 150 yds. Body Brussels, 600 yds. Linoleum, 429 yds. Oilcloth.

JUNE 5.—Discounted J. G. Carter's note of the 4th inst. at the City Bank, and had net proceeds placed to your credit.

JUNE 5.—Bought of John H. Pray & Co., Boston, net 30, 2/10, 950 yds. Moquette, 892 yds. Body Brussels, 2200 yds. Lining.

JUNE 6.—Paid freight and drayage, $32.10; rent for month of June, $75; books and stationery, $22.50.

JUNE 6.—Bought of James Smith & Co., New York, subject to draft at 10 days, 400 yds. Axminster, 525 yds. Velvet, 984 yds. Tapestry Brussels, 2000 yds. Lining.

JUNE 7.—Sold Reed & Savage, subject to sight draft, less 3%, 145 yds. Axminster, 220 yds. Velvet, 484 yds. Tapestry Brussels. Deduct 3%.

JUNE 8.—Sold Knowles & Johnson, on account, net 30, 2/10, 300 yds. Moquette, 392 yds. Body Brussels, 400 yds. Ingrain, 1200 yds. Lining.

JUNE 8.—Drew a sight draft on Reed & Savage for the amount of invoice sold them 7th inst., less 3%, and had the draft placed to your credit in the City Bank.

JUNE 9.—Paid the invoice in favor of J. H. Pray & Co., received June 2, $2768.75, less 2%.

JUNE 10.—F. H. Walling & Co. paid their bill of June 4th, less 2%.

JUNE 11.—Discounted E. H. Smith & Co's acceptance of June 5th, at the City Bank, and had the net proceeds placed to your credit.

JUNE 12.—Paid James Smith & Co's draft of June 6th, at 10 days from date, for $2252.88, less discount for the unexpired time.

JUNE 12.—Sold F. H. Walling & Co., on their note at 4 months, with interest, 600 yds. Ingrain, 475 yds. Matting, 1200 yds. Lining, less 3%.

JUNE 13.—Bought of John & James Dobson, Philadelphia, net 30, 2/10, 892 yds. Body Brussels, 1225 yds. Tapestry Brussels.

JUNE 14.—Bought of Barton Bros., Philadelphia, net 4 mos., 8/15, 1500 yds. Linoleum, 1400 yds. Oilcloth.

JUNE 15.—Knowles & Johnson sent you, to apply on account, T. H. Sullivan's note in their favor, dated Denver, Colo., May 24, 190–, at 90 days, for $742.28, with interest. Accepted the note and allowed Knowles & Johnson credit for its face and the interest due upon it.

JUNE 15.—Paid John H. Pray & Co. invoice of June 5th, less 2%.

JUNE 16.—Discounted the Sullivan note, received of Knowles & Johnson, at the City Bank, and had the net proceeds placed to your credit. (This is an interest-bearing note.)

JUNE 16.—Sold J. G. Carter & Co., on acct., net 60, 2/10, 600 yds. Linoleum, 480 yds. Oilcloth.

JUNE 17.—Drew for private use, $150.

JUNE 17.—Paid clerks, $75.

JUNE 18.—Sold E. H. Smith & Co., on their acceptance at 30 days, 212 yds. Axminster, 305 yds. Velvet, 250 yds. Tapestry Brussels.

JUNE 18.—Knowles & Johnson paid the balance of their account of June 8th, less 2% of the entire bill.

JUNE 18.—Paid note and interest favor of Barton Bros., due this day.

JUNE 20.—Sold E. B. Alling & Co., net 30, 2/10, 420 yds. Moquette, 280 yds. Body Brussels, 800 yds. Lining.

JUNE 21.—Discounted F. H. Walling & Co's note of June 12th, and received cash for the net proceeds.

JUNE 22.—Bought of John H. Pray & Co., Boston, net 60, 3/10, 897 yds. Moquette, 1745 yds. Ingrain, 2400 yds. Lining.

JUNE 23.—Bought of James Smith & Co., New York, sight draft in 10 days, 722 yds. Axminster, 941 yds. Velvet.

JUNE 23.—Paid John & James Dobson's invoice of June 13th, less discount.

JUNE 24.—Sold Reed & Savage, on their acceptance at 10 days, less 2%, 400 yds. Moquette, 712 yds. Body Brussels, 1200 yds. Lining. Deduct 2%.

JUNE 25.—Bought of John & James Dobson, Philadelphia, 1892 yds. Body Brussels, 671 yds. Moquette, 3200 yds. Matting.

Gave in payment your note at 4 mos. for one-half the amount of the invoice; the balance on 4 mos. time.

JUNE 26.—Sold Knowles & Johnson, net 4 mos., 2/15, 920 yds. Linoleum, 1220 yds. Oilcloth, 43 yds. Axminster.

JUNE 27.—Sold F. H. Walling & Co., net 30, 2/10, 698 yds. Moquette, 792 yds. Body Brussels, 1500 yds. Lining.

JUNE 28.—Sold E. B. Alling & Co., net 30, 2/10, 390 yds. Moquette, 822 yds. Body Brussels, 975 yds. Tapestry Brussels.

JUNE 29.—Paid Barton Bros.' invoice of 14th, less 8%.

JUNE 30.—E. B. Alling & Co. desired to take advantage of 2% discount on their purchase of June 20th, but being short of money, they sent $1000 to apply on account, with the request that they be allowed discount on their payment.

JUNE 30.—Paid clerks, $75. Paid freight bills to date, $68.92.

INVENTORY.

310 yds. Moquette, 545 yds. Ingrain, 1600 yds. Lining, 722 yds. Axminster, 500 yds. Tapestry Brussels, 678 yds. Body Brussels, 3525 yds. Matting, 700 yds. Oilcloth, 941 yds. Velvet, at cost price; office furniture valued at $225.

COST AND SELLING PRICE LISTS—JUNE EXAMINATION.

COST.		1	2	3	4	5	6	7	8	9	10
1.87½	Axminster	2.25	2.27	2.26	2.24	2.25	2.28	2.27	2.25	2.30	2.24
1.05	Body Brussels	1.50	1.48	1.49	1.52	1.50	1.48	1.50	1.53	1.48	1.50
.62½	Ingrain	.87½	.87½	.87½	.87½	.87	.87½	.86	.87½	.88	.87½
.06¼	Lining	.09	.08	.10	.08½	.09½	.09	.10½	.09	.09½	.09
.67½	Linoleum	.75	.76	.74	.77	.75	.73	.75	.74	.73	.76
.33⅓	Matting	.50	.52	.51	.48	.49	.50	.52	.50	.51	.49
1.12½	Moquette	1.62½	1.62½	1.66⅔	1.62½	1.66⅔	1.67½	1.62½	1.66⅔	1.62½	1.67½
.33⅓	Oilcloth	.45	.43	.44	.42	.45	.43	.44	.45	.46	.42
.66⅔	Tapestry Brussels	.87½	.87½	.87½	.87	.87½	.87½	.87½	.87½	.87½	.87½
1.37½	Velvet	1.67½	1.67½	1.66⅔	1.62½	1.67½	1.66⅔	1.62½	1.67½	1.62½	1.67½

QUESTIONS.

1. What is a draft and what names are given to its parties?
2. What should be the drawer's entry when a draft with three parties is drawn?
3. What should be the payee's entry for a sight draft received?
4. What should be the drawee's entry for a sight draft paid?
5. What should be the drawee's entry for a time draft?
6. What is meant by "Accepting" a draft, and what agreement does it constitute?
7. What should be the payee's entry when a time draft has been accepted?
8. What should be the drawee's entry when he accepts a time draft?
9. When drafts are made for the collection of debts to whose order are they generally payable?
10. What should be the drawer's entry when such a draft is made if it is a sight draft? What entry if it is a time draft?
11. Define a bank draft and explain its use.
12. To whose order should a bank draft be made?
13. How should a bank draft be indorsed?
14. Explain the use of the invoice book.
15. To what account should the footing of the money column of the invoice book be posted? To which side of the account, and why?
16. Explain the use of the bill book.
17. What are articles of copartnership, and how should they be prepared?
18. When should interest be credited?
19. What is meant by a shipment?
20. For what amounts should Shipments account be debited?
21. For what amounts should Shipments account be credited?
22. Under what circumstances would a bank receive a sight draft on deposit? Suppose it were not paid, what would the bank do?
23. When should discount be credited?
24. When should interest be debited?

COMMISSION, SHIPPING AND GENERAL MERCHANDISING BUSINESS.

A large variety of produce and manufactured products is sold through the medium of agents or correspondents, who receive a certain per cent. of the gross sales as their commission for handling the goods. Sometimes the price is fixed by the person shipping the goods, but generally it is left to the discretion of the commission merchant, who obtains the highest price possible at the time of sale. Frequently, the commission merchant advances a part of the value of the goods as soon as they are received, in case the goods are not to be sold at once, and the balance is remitted after the sale has been completed. When the goods are perishable, advances are not usually made, but the net proceeds are remitted as soon as the sale is completed.

The person who sends the goods to the commission merchant is called the consignor; the commission merchant is designated as the consignee. Many commission merchants also sell merchandise on their own account, and make shipments to others, thus conducting a regular buying, selling and shipping business, in addition to their commission business.

Books Kept.—The books to be kept in this business are sales book, account sales register, shipment ledger, cash book, invoice book, journal-daybook, main ledger, and loose leaf consignment ledger. The invoice book and the journal-daybook will be the same as those you have heretofore kept. As but few notes appear in these transactions, the bill book will be dispensed with.

It is the custom of most commission houses to enter a description of each lot of goods received in a book called the receiving book, and to open an account with each lot under an appropriate name in a book called the consignment ledger. Each account contains on its credit side all sales made from the lot of which it is the record, and on its debit side all charges against this lot. When the lot is all sold, an account sales is rendered to the consignor.

By the use of the loose leaf consignment ledger, a description of which follows, the receiving book, consignment ledger and account sales are combined in one, and the bookkeeping is greatly simplified.

Each consignment should be accompanied by a letter of advice, containing the list of goods, and this letter should be compared with the goods when they are received, and if there is any shortage the consignor should be notified at once. The receiving clerk generally enters the goods on a blotter as they are unloaded from the trucks, and from the blotter the bookkeeper transfers the items to a loose leaf of the consignment ledger (see model, page 135).

The Consignment Ledger.—In this business, when goods are received to be sold on commission, the consignment will be entered on a loose sheet of the consignment ledger, as shown in the illustration on page 135.

In the small square at the upper right-hand corner of this loose sheet is written the stencil, or private mark, of this consignment, and every package in the consignment will be marked with the same stencil. These stencil marks are arbitrary, and any letter, number, or symbol may be used. In this business the initial letter of the consignor and the number of his consignment will be used as a stencil mark. The loose leaf is now fastened to its cover and becomes a part of the consignment ledger. The amount of freight as shown by the freight bill, which will accompany the goods, should be entered

LOOSE LEAF CONSIGNMENT LEDGER.

D-1

SALE OF MERCHANDISE FOR ACCOUNT OF L. A. Dodge
Millbury Mass.

BY **E. H. REED & COMPANY,**
COMMISSION MERCHANTS.

(Your place here.)

INVOICE NO. 62

INVOICE DATE July 6, 190

C. F. Cragin, MANAGER.
(Write your own name here.)

190		FOLIO.						
July	8		RECEIVED 20 tubs Creamery Butter 1200#					
		C-3	FREIGHT, CARTAGE, ETC.			3		
			ADVANCED.					
			SALES.					
	12	3	5 tubs 300#	25¢			75	
	14	4	7 " 420#	24¢			100	80
	16	5	8 " 480#	25¢			120	
	18		COMMISSION, 5%			14	79	
			CHARGES, Ins., Cartage & Storage 1%			2	96	
			NET PROCEEDS, Check enclosed			275	05	
						295	80	295 80

in the left-hand or debit column of the loose leaf opposite *Freight*. This may be done at the time the goods are received, or later, when the amount is taken from the cash book. As the goods are sold, the items are entered in the space under *Sales* on the loose sheet, and the amounts carried to the right-hand or credit column. These amounts should be taken from the sales book, where they will be found in the special column for sales from consignments. The contents of this column should be carried to the consignment ledger at the close of each day.

When all the goods which make up the consignment have been sold, the right-hand or credit column is footed and the amount placed at the bottom of the loose leaf.

If any sight drafts have been paid or time drafts accepted on account of this consignment, the amount should be placed opposite *Advances* in the debit column of the loose sheet. The commission should now be calculated and also any charges which may be due for cartage, insurance, storage, or other items of expense. In this business these items, except commission, will be combined under the head of "Charges." Enter the amount of commission and of charges in the left-hand or debit column of the loose sheet. The differ-

Cash

Date. 1900	L.F.	Name and Explanation.		Mdse. Dis.	General.	Shipments.
Jan. 1		W. H. Stevens	investment		3500	
2	1	E. M. Lacy	cash sale		480 75	
5		Bills Rec.	A. Barnes note 1%		250	
7		W. B. Andrews	invoice 1/2, less 5%	12 50	237 50	
9		Shipt. Archer #1	net proceeds drawer			785 90
11		Mdse.	sales as per cash		85 75	
14		Ryan & Larcum	in full	22 50	900	
15		Geo. E. Marcy	invoice 1/2		96 85	
16		Shipt. D. W. Parks #4	net proceeds			942 60
18		A. H. Mears	in full		245 75	
20	1	J. D. Cleary	cash sale		67 45	
23		Shipt. C. A. Brooks #1	net proceeds			432 27
25		Geo. Carter & Co.	invoice 1/2	8 75	67 25	
27		Mdse.	cash sales		49 70	
29		M. H. Gray	in full		78 96	
30		Shipt. W. F. Moore	net proceeds			206 34
31		Shipments to			2367 11	2367 11
		Mdse. Disct. Dr.		43 75	430 85	

ence between the footing of the right-hand column and the sum of the items in the left-hand column of the loose sheet will show the net proceeds or amount due the consignor, and will, of course, balance the two columns of the loose sheet.

All writing upon the consignment ledger should be done in copying ink, for the leaf is now removed from the ledger, and a copy of it taken in the impression account sales book, the leaf itself being sent to the consignor with a check or draft for the amount of his net proceeds, unless the net proceeds are placed to his credit. In the latter case, the account sales should be sent without the remittance, and after *Net proceeds* the words *Placed to credit* should be written. It is important that a good copy of the account sales be taken in the impression book, for should any dispute arise this impression book will be accepted in court as your book of original entry, and many houses post charges, commission and net proceeds directly from this book to their respective accounts in the ledger.

Cash

Date.	L.F.	Name and Explanation.		Merc. Dis.	General	Shipments.	Consignments.
Jan. 1901 2		Expense	taxes		65		
3		Mdse.	freight		42 75		
5		Shipt. D. W. Parks & Co.	"			17 50	
7		Consignments	"				18 90
9		H. F. Wood & Bros.	inv. ½ less 5%	30	570		
12		Shipt. C. H. Brooks	ins. & cartage			4 32	
13		Const. J. L. Osborn	net proceeds				742 30
15		J. C. Harper & Co.	inv. ½ less 3%	14 63	487 50		
16		Expense	clerk hire		30		
16		Shipt. W. F. Larkin	ins. & cartage			5 25	
19		Const. H. G. Savage	net proceeds M.M. 4ft.				944 60
19		Expense	each, on dft.		50		
23		W. B. Parks & Co.	inv. ¼ less 5%	40	760		
23		Mdse.	freight to date		6 45		
25		Consignments	" " "				64 15
27		Morris & Elliott	inv. ½ less 2%	10 50	906 50		
30		Expense	clerk hire		20		
31		Shipments Dr.			27 57	27 57	
31		Consignments Dr.			1769 95		1769 95
31		Balance	in safe & bank *		3681 83		
		Mdse. Disct. Cr.		103 13	4430 05		

* Red ink entry.

Cash Book.—In this business the cash book will contain several extra columns. On the debit side, the column for merchandise discount will contain all discounts allowed on merchandise sold to other persons and paid for within the terms of the bill, and *Cash* will be debited for the actual amount received instead of being debited for the full amount of the bill and credited on the opposite side for the amount of the discount, as in previous work. This method of handling merchandise discount is much in favor among business houses, and will be used in the transactions of this month. When these discounts are posted, they are carried to the credit of the person who has paid the bill; at the same time he is credited with the cash which he pays. This necessitates two credit entries on the personal account (see form of ledger account with merchandise discount postings on page 155). When the cash book is posted, the total of the Merchandise Discount column is carried to the debit of Merchandise Discount in the main ledger. The General column contains all cash received from the ordinary accounts of the business. The Shipments

SHIPMENT LEDGER.

Index, Check and Folio.	JAN. 2, 190–,	Mdse.	LEDGER ACCOUNTS. Debits.	Credits.	Folio and Explanation.	Date.
	A. M. Archer, #1, Brooklyn, N. Y.					
	100 brls. Apples, N. S., 2.80	280	712			
	30 tubs Butter, 1800 lbs., 20¢	360		785 90	C. 4	Jan. 9
	20 css. Eggs, S. F., 480 doz., 15¢	72	73 90		Gain	
	Via Nat'l Despatch,					
			785 90	785 90		
	4.					
	F. W. Smith Com. Co., #1, Boston, Mass.					
	250 brls. Apples, Baldwin, 2.50	625	733			
	30 css. Eggs, S. F., 720 doz., 15¢	108				
	Via Nat'l Despatch,					
	5.					
	D. W. Parks & Co., #4, Pittsburg, Pa.					
	2400 bu. Potatoes, 35¢	912	961			
	20 brls. Apples, Baldwin, 2.45	49	17 50		C. 5	Jan. 5
	Via Interstate Line,			942 60	C. 4	16
				35 90	Loss	
			978 50	978 50		
	5.					
	Jas. F. Brennan, #1, New York.					
	50 tubs Butter, 3050 lbs., 20¢	610	748 60			
	12 bxs. Cheese, 1260 " 11¢	138 60				
	Via Interstate Line,					
	Shipments, Dr. Total }	3154 60				
	Mdse., Cr. " }					

column contains all cash received from shipments, and as soon as cash is received from a shipment the amount is carried to the credit of that shipment in the shipment ledger, and the total of Shipments column is carried to the credit of Shipments in the main ledger when the cash book is posted.

The Credit Columns of the Cash Book.—Merchandise Discount contains discount on all bills which are entitled to discount when paid by the business, and the persons to whom the cash is sent are debited for the discount at the same time they are debited for the actual cash sent, requiring two debit postings (see form, page 155).

When the cash book is posted, the total of Merchandise Discount column is carried to the credit of Merchandise Discount in the main ledger. The General column should be posted as in the cash books of previous work.

All cash paid on account of shipments for freight, insurance, or any other cause, should be entered in the Shipments column, and also on the debit side of ledger accounts in the shipment ledger, and the total of this column should be carried to the debit of Shipments in the main ledger when the cash book is posted.

SALES BOOK.

CONST. LOT NO.	L. F.	Jan. 2. 190-		INVOICE EXTENSION.	SALES FROM CONSIGNMENTS.	SALES FROM MDSE.
		W. R. Bancroft. Easton.				
		Net 30 ds.				
K-1		60 doz. C. Tomatoes	90¢	54		
K-1		50 " " Corn	95¢	47 50	101 50	
		20 bbls. 3x. Flour	4.50	90		90
				191 50		
		3				
	✓	E. M. Lacy, City	Cash			
		40 bbls. 3x. Flour.	4.50	180		180
B-2		20 tubs Butter 1203 lbs	25¢	300 75	300 75	
				480 75		
		Geo. Carson & Bro. Westboro				
		Net 30 ds.				
		10 bbls. 3x. Flour.	4.50	45		45
K-1		20 doz. C Tomatoes	90¢	18		
K-1		10 " " Corn	95¢	9 50		
B-2		5 tubs Butter 305 lbs	25¢	76 25	103 75	
				148 75		
		National Market Co. City				
		On acct.				
B-2		10 tubs Butter 615 lbs	25¢	153 75		
M-1		50 bu. Potatoes	40¢	20		
M-1		10 bbls. Apples	2.75	27 50	201 25	
				201 25		
		Consignments Cr.			707 25	
		Mdse. Cr.				315

ACCOUNT SALES

Date.		No.	Consignor.	Address.	Total Sales.		Freight and C'tge.		Commission.		Charges.	
Jan.	10	K-1	J. M. Kendall,	Rochester, N. Y.	203		10		10	15	1	75
	24	J-2	E. M. Jackson,	Elmira, "	774		64	60	38	70	4	
	26	M-1	C. D. Martin,	Utica, "	582	60	22	40	29	13	2	50
	30	K-2	J. M. Kendall,	Rochester, "	225		7	50	11	25	1	50
									89	23		
											9	75

All cash paid on account of consignments, whether for freight, advances, or proceeds remitted, should be placed in the Consignments column and carried to the loose leaf consignment ledger, and the total of this column posted to the debit of Consignments in the main ledger when the cash book is posted.

In balancing the cash book, the footing of the Shipments column on the debit side should be added to the footing of the General column, and the footings of the Shipments and Consignments columns on the credit side should be added to the footing of the General column (see model cash book with special columns).

Sales Book.—The sales book contains a special column for sales made from consignments, and an Invoice Extension column, which should contain the items and the total of the bill given the purchaser, who, as a rule, does not know whether the goods are purchased from a consignment or from the stock of the business.

When sales are entered in the sales book, the stencil mark of the consignment should be written opposite those items which are taken from consignments, and the amounts should be placed in the Sales from Consignments column, as well as in the Invoice Extension column. The amounts of such items as are sold from the stock of the business should be placed in the Sales from Merchandise column.

When the sales book is posted, the total of Sales from Consignments should be carried to the credit of Consignments in the main ledger, and the total of the Merchandise column to the credit of Merchandise in the main ledger.

In this month's work cash sales will not be posted to the debit of the person making the purchase, as in the previous month, and then posted back to his credit from the cash book, but such sales will be checked off in the sales book and also in the cash book, and not posted to the personal account from either book. This method of handling sales for cash is used where there is no special desire to keep a record of the amount of business transacted with each customer, and it will be seen that it saves a considerable amount of posting where cash sales are numerous (see E. M. Lacy entries in form of cash book and form of sales book, pages 136 and 139).

Shipment Ledger.—When goods are sent to other persons to be sold on commission, the date of shipment is written in the shipment ledger, with the name and address of the consignee and the number of the shipment; then follows a description of the merchandise shipped, with the price, which, in a regular shipping business, should be the cost of the goods.

REGISTER.

Pk'gs Ret'd.	Total Charges.	Advances.	Net Proceeds.	Check or Draft.	Amount Charged to Account.	L. F.	NAME OF ACCOUNT.	
	21 90		181 10	181 10				
	107 30	300	366 70		366 70	74	E. M. Jackson,	Cr.
5 bxs.	53 03	200	329 57	329 57				
	20 25		204 75	204 75				
					89 23	58	Commission,	Cr.
					9 75	59	Charges,	Cr.
					465 68	47	Consignments,	Dr.

In the debit column, under *Ledger Accounts*, should be written the value of the merchandise as shown in the Merchandise column, and to this column is also posted, from the cash book or other sources, all expenses incurred on account of this shipment.

When an account sales of a shipment is received, the shipment is credited for the net proceeds from the cash book or journal, and since this disposes of the shipment, the ledger part of it is closed by writing the amount of gain or loss on the smaller side of the account, and ruling and footing (see models, A. M. Archer and D. W. Parks & Co., page 138).

When the books are posted preparatory to the taking of a trial balance, the total of the Merchandise column in the shipment ledger is carried to the debit of Shipments and to the credit of Merchandise in the main ledger (see form of shipment ledger).

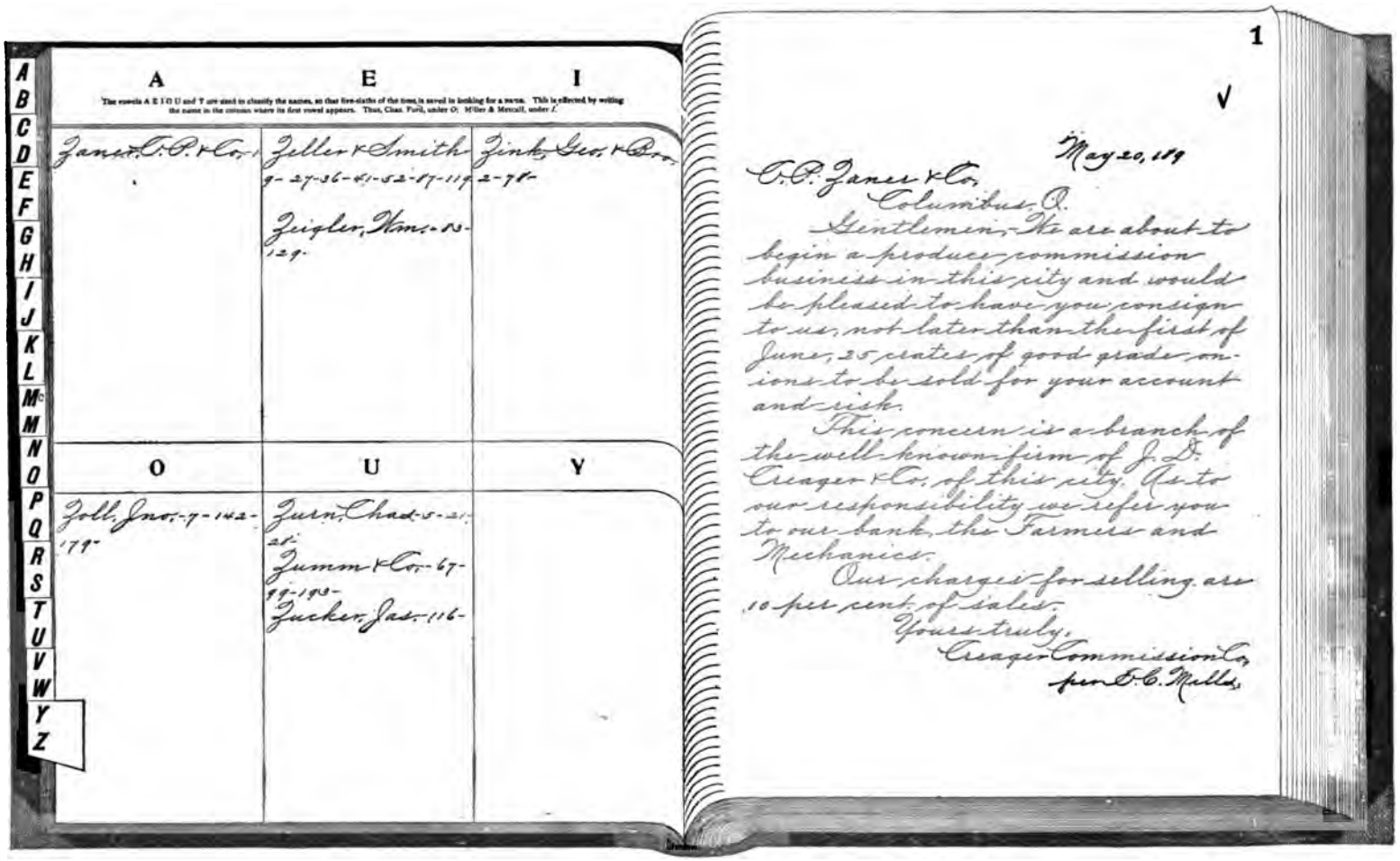
Account Sales Register.—This book is kept for convenience in posting commission and charges, and contains columns for the date, stencil mark of the consignment, address of the consignor, amount of gross sales, freight, commission, charges, goods returned, total charges, advances, net proceeds, cash remitted, amount charged to account, folio, name of account.

If accounts are kept with insurance, cartage, storage, etc., of course columns would be added for these accounts, as well as for commission and charges. In this month's work all these accounts are included under the general head *Charges*.

When an account sales is rendered, the necessary information should also be entered in the account sales register, and at the time of the general posting before a trial balance is taken, the footings of Commission and Charges columns should be carried to the Amount Charged to Account column, and the names *Commission* and *Charges* written in the Name of Account column opposite these amounts in the account sales register, while the total of Amount Charged to Account column should be posted to the debit of Consignments, and the items which make up this total posted in the main ledger to the credit of the accounts to which they belong.

If an impression of the loose leaf consignment ledger is taken when an account sales is rendered, the account sales register may be dispensed with, as the commission charges and net proceeds may be posted directly from the impression book.

Letter Impression Book.—In most business houses it is the custom to keep a copy of every written order, letter, postal card, account sales, deposit slip, etc., which leaves the house in the course of its business, as it is often of great importance that ready refer-



A B C D E F G H I J K L M N O P Q R S T U V W Y Z

A E I O U and Y are used to classify the names, as that five-sixths of the time, is saved in looking for a name. This is effected by writing the name in the column where its first vowel appears. Thus, Chas. Furl, under O; Miller & Metcalf, under I.

A	E	I
Janes, C. P. & Co.-1	Jeller & Smith-9-27-36-41-52-87-114-	Jink, Geo. & Bro.-2-78-
	Zeigler, Hms.-88-129-	
O	**U**	**Y**
Zoll, Jno.-7-142-179-	Zurn, Chas.-5-21-26- Zumm & Co.-67-99-193- Zucker, Jas.-116-	

1

May 20, 189

C. P. Janes & Co.
Columbus, O.

Gentlemen:- We are about to begin a produce commission business in this city and would be pleased to have you consign to us, not later than the first of June, 25 crates of good grade onions to be sold for your account and risk.

This concern is a branch of the well-known firm of J. D. Creager & Co. of this city. As to our responsibility we refer you to our bank, the Farmers and Mechanics.

Our charges for selling are 10 per cent of sales.

Yours truly,
Creager Commission Co.
per D. C. Mills.

JOURNAL ENTRIES.

July 1, 190–.

	Ellis H. Reed and (student's name) have this day entered into a partnership to carry on, at 312 South St., the Commission and General Merchandising business, under the name of E. H. Reed & Co.					
	Each partner is to give his entire time to the business, and shall receive six per cent interest on his net investment, after which the gains and losses shall be divided equally.					
	Ellis H. Reed invests the following, for which he is credited.					
	Real Estate	valued at	9500			
	Mdse.	" "	916	55		
	Horses and Wagon	" "	325			
	Furniture and Fixtures	" "	250			
	Theodore Crosby & Co.	balance acct.	129	33		
	A. W. Noone & Co.	" "	528	44		
	Public Market	" "	244	60		
	Geo. H. Tucker & Co.	" "	204	13		
	City Hotel Co.	" "	250	45		
	E. H. Reed				12348	50
	Ellis H. Reed is debited for his liabilities assumed by the business as follows:					
	E. H. Reed		3853	82		
	Russell & Birkett	balance acct.			426	45
	Curtice, Olney & Co.	" "			1326	40
	Lutz Bros.	" "			714	50
	Gillette & Hennigan	" "			541	20
	Bills Pay.	Note favor Fischer Flour Co., St. Louis, dated June 16th, at 30 days.			845	27
	(Student's name) invests cash, $5000 (C. B.) and a shipment, #3 to T.W. Bowen & Co., Dover, valued at $1955, for which he is credited.					
	Shipments		1955	00		
	(Student)				1955	00

ence may be had to such documents. This copy is obtained by means of a letter impression book, which is made up of leaves of tissue paper, and a copy may be taken in this book from either a pen-written or a type-written sheet. If proper ink is used, several copies may be taken from the same original.

When letters or invoices are copied in the letter impression book, they should be indexed at once for ready reference. (See form of letter impression book, page 142, showing the proper indexing.)

Indexing.—It is important that all ledgers, as well as letter impression books, be properly indexed.

The vowel index shown in the model letter impression book is an excellent method of indexing, when the index is a part of the book itself, but the ledger index is generally a separate book, of which there are several labor-saving varieties on the market.

Some bookkeepers, before posting a book, take the index, and from it page each item in the book from which posting is to be done, by writing in the folio column the page of the account in the ledger. After all the items to be posted have been paged, then each

CASH BOOK ENTRY.

July	1		(Student's name)	investment	5000	00

amount is carried to the ledger page indicated, and a check mark (√) placed next to the folio figures. If the ledger contains a large number of accounts, this method of posting will save time and also prevent errors, as the check mark is a double proof that the posting has been done. In actual practice every good bookkeeper will soon memorize the pages of all his principal ledger accounts, and not be obliged to refer constantly to his index.

WORK FOR THE STUDENT.

JULY 1.

You have accepted a proposition to form a partnership under the name of E. H. Reed & Co., with Ellis H. Reed, who has been engaged in the Country Produce and General Merchandising business, at 312 South St., your city. You are to invest $5000 cash, which you will procure from your teacher, and also the shipment to T. W. Bowen & Co. No. 3, valued at $1955, making a total investment of $6955.00. Ellis H. Reed owns the building at 312 South St., valued at $9500. He makes a bill of sale of this property and transfers it, by deed, to E. H. Reed & Co. He also invests two horses and a delivery wagon, valued at $325, and office furniture and fixtures, valued at $250. He has on hand the following goods: 600 bu. potatoes, invoiced at 60¢ per bu.; 140 brls. apples, invoiced at $3.50 per brl.; 11 boxes cheese, 605 lbs., invoiced at 11¢ per lb.

The following personal balances from customers are due Ellis H. Reed: Theodore Crosby & Co., $129.33; A. W. Noone & Co., $528.44; Public Market Co., $244.60; Geo. H. Tucker & Co., $204.13; City Hotel Co., $250.45.

Ellis H. Reed owes the following balances: Russell & Birkett, $426.45; Curtice, Olney & Co., $1326.40; Lutz Bros., $714.50; Gillette & Hennigan, $541.20; and a note in favor of the Fischer Flour Co., St. Louis, dated June 16th, at 30 days, $845.27.

The new firm assumes all the liabilities of Ellis H. Reed and takes his resources. Each partner is to receive interest at six per cent. on his net investment, after which the gains and losses are to be divided equally.

The forms on pages 143 and 144 show the journal and cash book entries for the investments of Ellis H. Reed and yourself.

Take your investment, $5000, from the cash you received in settlement of June accounts with H. F. Adams, and place it in Cash Drawer. Carry the shipment to T. W. Bowen & Co. to the shipment ledger, exactly as shown on page 150.

Prepare articles of copartnership, embodying the conditions given in the above statement of the business, and present them to your teacher for approval. He will sign for Ellis H. Reed. Sign your own name and ask some other student, or your teacher, to sign his name as witness.

Prepare a circular letter, soliciting shipments of country produce or general merchandise, and mail a copy to each out of town customer with whom you did business in June. These are all country merchants, and are likely to have such goods to dispose of. The following is a form of circular letter.

Form of Circular Letter.

Mr. Geo. H. Alling,
Utica, N. Y.

Albany, N. Y., July 1, 1900.

Dear Sir,—We desire to call attention to the fact that we have opened at 348 Central St., this city, a large and commodious store for the handling of every variety of country produce—butter, eggs, fruit, vegetables—and canned goods, to be sold on commission. We shall also conduct a general merchandising business, and are prepared to buy anything in the above line at the highest market rates.

We solicit shipments of first-class goods only, and are prepared to make cash advances for all staple goods on receipt of bill of lading. We render accounts sales and send cash remittances as soon as consignments are disposed of. Our charges are 5% of sales and 1% for storage and insurance.

We refer, by permission, to the First National Bank and the American Express Company of this city.

Soliciting your patronage, we remain,

Very respectfully yours,

The Geo. H. White Commission Co.

July 10.

Order from Gillette & Hennigan, Baltimore, Md., at their lowest cash discount, 20 boxes St. John's River oranges, 50 boxes lemons, 12 doz. pineapples.

Order from Russell & Birkett, Penn Yan, N. Y., on account, 30 days, 50 brls. XXX family flour, 50 brls. XX family flour, 25 brls. pastry flour.

Order from Curtice, Olney & Co., Rome, N. Y., 36 cases, 72 doz., canned sugar corn; 72 cases, 144 doz., canned tomatoes. Order these sent by Interstate Transportation Company, fast freight, and request them to draw on you at 30 days for the amount of the bill.

Order from Lutz Bros., Allegheny, Pa., 5 brls. sour pickles, 4 brls. sweet pickles, 25 cases, 50 doz., Diamond ketchup, 16 oz. Order the goods shipped by Interstate Transportation Company, and request 60 days' credit.

The above letters should be very carefully prepared in copying ink, and after approval by your teacher, an impression of each letter should be taken in the letter book. Ask your teacher to show you the method of taking an impression in this book.

ROUTINE OF JULY COMMISSION BUSINESS.

COMMENCING JULY 16, 1900.

No. 1.—This advice of shipment accompanies a lot of goods received from E. Mason & Co., of Milford, your state, to be sold on their account and risk.

Take from your package of business forms the pad of loose leaf sales blanks, and in the square at the top write the stencil mark of this consignment, which will be M-1 (see form of loose leaf sales blank below). Fill out the sales sheet with the date of shipment, name of consignor, etc. Opposite *Received* write the articles as shown by the advice received with the goods, as follows:

FORM OF LOOSE LEAF SALES BLANK.

SALE OF MERCHANDISE FOR ACCOUNT OF E. Mason & Co. M-1

Milford (Your state.)

BY **E. H. REED & COMPANY,**

COMMISSION MERCHANTS,

(Your place here.)

INVOICE No. 1

INVOICE DATE July 13, 1900

(Write your own name here.) MANAGER.

1900		FOLIO.	
July	16		RECEIVED, 12 tubs Butter, 10 cases Eggs 5 boxes Cheese
			FREIGHT, CARTAGE, ETC.
			ADVANCES.
			SALES.
			COMMISSION.
			CHARGES.
			NET PROCEEDS.

Paste the gummed edge of the loose sheet to the back of the cover of the consignment ledger. Place the advice of shipment in your Voucher File.

No. 2.—This advice of shipment is received with goods mentioned from the Western New York Preserving Company, Springville, N. Y., and should be entered precisely as the lot received in No. 1. Paste the gummed edge on the back of No. 1.

No. 3.—This letter has been received from Rice & Pond, accompanying goods as mentioned. (Enter as in Nos. 1 and 2.)

No. 4.—This invoice is for goods ordered by you July 10th, and should be entered in the invoice book, as in previous work. (Verify the calculations.)

No. 5.—This invoice is for books and other office supplies.

Place the invoice in your Voucher File, as only merchandise invoices should be put in your invoice book, but make no entry at present. The amount will be found in your cash items to be paid at the end of the day, and entered at that time.

No. 6.—This invoice is for goods ordered by you July 10th, and should be entered in the invoice book as in No. 4.

Sales from Blotter.—In this month's work a large number of sales will be made to local persons. No orders will be received for these sales, since most of the orders are given verbally and are entered in an order book or blotter. You will receive among your incoming vouchers a list of these sales each day, and will make out the bills as usual. In entering these sales in the sales book be sure that the stencil mark of the consignment appears opposite each item sold from that consignment, and that these items are carried into the Sales from the Consignments column of the sales book.

No. 7.—These sales have been made as per blotter, and should be entered in the sales book (see model, page 139). Be sure that the cash sale is entered in the cash book, and checked off both in cash book and in sales book (see explanation, page 140).

In this month's work an account will be kept with freight, and all amounts paid for freight on your own merchandise will be charged to this account instead of to Merchandise account.

No. 8.—This is an order on the cashier to pay various bills.

Enter in your cash book, debiting the proper accounts. Allow a line for each charge for freight paid on consignments, writing the name of the consignment in explanation space. Pay the items in currency. Enter freight charges on consignments opposite *Freight* on the proper sheets in the consignment ledger. Remember to debit *Freight* for all freight paid on your own merchandise.

No. 9.—This account sales is received from T. W. Bowen & Co., and as they have been notified of the change in your business, they have made the draft payable to E. H. Reed & Co.

Enter in your cash book, crediting shipment to T. W. Bowen & Co. No. 3, for the amount of the net proceeds, and carrying the amount of net proceeds to the credit of shipment No. 3 in shipment ledger. There has been a gain on this shipment. Close the shipment in shipment ledger by writing *Gain* on the debit side (see page 150).

No. 10.—This check has been received from T. Crosby & Co., in full of account, and is indorsed over by E. H. Reed to E. H. Reed & Co.

No. 11.—Open an account with the Traders Bank, and deposit $4900 cash, the check of Theodore Crosby & Co., and the draft received from T. W. Bowen & Co.

At the close of each day:

First, carry the sales from consignments from the sales book to the loose leaf consignment ledger under *Sales*. Be sure that you get the right stencil mark, and place a check mark against each item in the sales book as it is transferred (see form, page 149).

Second, carry each item paid for consignments to the consignment ledger under *Charges*, *Advances*, etc.

Third, carry any cash received from, or paid on account of, shipments to the shipment ledger (see model, page 138).

The following shows the sales sheet in consignment ledger after the sales of July 16th and the freight charges have been carried to it from the sales book and the cash book at the close of the day.

M-1

SALE OF MERCHANDISE FOR ACCOUNT OF E. Mason & Co.

Milford, (Your state.)

BY **E. H. REED & COMPANY,**

COMMISSION MERCHANTS,

(Your place here.)

INVOICE NO. 1

INVOICE DATE July 13, 1900

(Write your own name here.) MANAGER.

1900		FOLIO.			
July	16		RECEIVED, 12 tubs Butter, 10 css. Eggs 5 boxes Cheese		
	16	C-3	FREIGHT, CARTAGE, ETC.	4 20	
			ADVANCES.		
			SALES.		
	16	1	5 css. Eggs, 120 22¢ doz. 2 tubs Butter 120 24¢ #		55 20
	16	1	2 bxs. Cheese 110 15¢ # 10 tubs " 600 24¢ #		160 50
	17	2	3 " " 165 15¢ # 5 css. Eggs 120 22¢ doz.		51 15
			COMMISSION.		
			CHARGES.		
			NET PROCEEDS.		

The following is an illustration of the sales book with the first charge for July 16th, showing the method of entering sales from consignments and regular merchandise sales together. The check marks show that the amount of merchandise sold from the consignment has been transferred to the consignment ledger.

COMMISSION SALES BOOK.

JULY 16, 190–.

					INVOICE.		CONSTS.		MDSE.	
		City Hotel Co.	a/c	30 days						
M-1	✓	5 Cases Eggs	120 dz.	.22	26	40				
M-1	✓	2 tubs Butter	120 lbs.	.24	28	80	55	20		
		2 boxes Lemons		4.75	9	50			9	50
					64	70				

No. 12.—JULY 17. This invoice has been received from Curtice, Olney & Co. (Enter in your invoice book as usual.)

No. 13.—This advice of shipment accompanies goods received from Fischer Flour Company, and incloses a draft at ten days' sight for $300, which you will accept, payable at Traders Bank, and place in Bills Payable File.

Enter the shipment on a loose leaf sales sheet, and under *Advances* write the amount of the draft, *$300*. Make a journal entry, debiting *Consignments* and crediting *Bills Payable* for the amount of the draft, as follows.

		Consignments	Accepted Fischer Flour Co's. draft at 10 days, on account of goods received to be sold on their account and risk.	300	00		
		Bills Payable				300	00

No. 14.—This order is received from Varick & Co. Take the canned goods from lot W-1—peas, $1.30; corn, $1.10; tomatoes, $1.25; and the balance of the order from your own goods—apples, $3.75; potatoes, 75¢. (Enter in the sales book, as per model, page 139.) Do not forget the stencil mark.

No. 15.—This letter calls for a shipment from you.

Make a shipment invoice—apples, $3.50; potatoes, 60¢—and enter in your shipment ledger (see form, page 138). Pay for insurance, 75¢, currency, and enter in the cash book.

The following is the form of the shipment ledger as it will appear after this entry has been made, and after the cash paid for insurance has been brought from the Shipment column of the cash book at the close of the day.

SHIPMENT LEDGER.

Index, Check and Folio.	JULY 16, 190–.	Mdse.	LEDGER ACCOUNTS.					
			Debits.		Credits.		Folio and Explanation.	Date.
	T. W. Bowen & Co., #3, Dover,							
	Shipped June 24,		1955					
	Investment of (Student's name),				2058	.62	C. 2	
			103	62			Gain	July 16
	17		2058	62	2058	62		
	F. H. Larkin & Co., Northboro,							
	50 brls. Apples, 3.50	175	295					
	200 bu. Potatoes, 60¢	120		75			C. 3	

No. 16.—These sales have been made from the blotter, and should be entered in the sales book. The cash should be entered in the cash book (see transaction No. 7).

The small cash sale of merchandise, $6, is not entered in your sales book, but charged direct to the credit of Merchandise from the cash book. In every business there will be more or less of these small sales, even though it be strictly wholesale business, for it is quite a common practice among business houses to send in friends with a request that, as a favor, a small quantity of goods be sold them at wholesale prices, and it is customary for a wholesale house to comply with such a request. If such sales are made from consignments, it is necessary that they be entered in the sales book, but when made from your own goods, it is customary to enter them in the cash book only, and post to Merchandise account direct from that book. If many such sales are occurring, it is well to have a special column for merchandise sales in the cash book. In this business, as there are only a few sales of this nature, they will be carried to the General column of the cash book, and Merchandise account credited from that book.

No. 17.—This invoice is for goods ordered by you July 10th, and should be entered in the invoice book as usual.

No. 18.—These items should be entered in the cash book, and the item of $55 also entered in the consignment ledger, opposite *Charges*, on the loose leaf for Fischer Flour Co's. consignment. Write checks for all bills, except the one of $10 for care of horses. Pay this in cash.

No. 19.—This check is received with an order from A. W. Noone & Co. Place the check in Cash Drawer and make cash book entry, but carry the order over until the 18th.

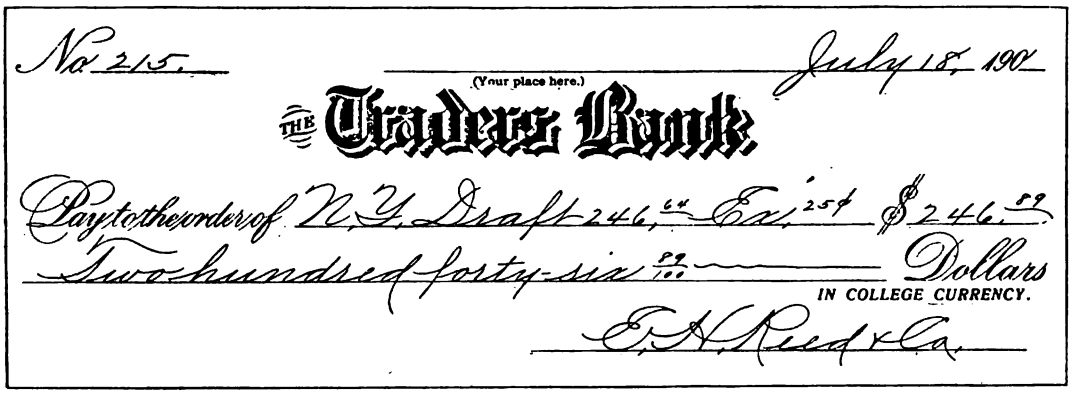
No. 20.—Deposit checks of W. B. Alden & Co. and A. W. Noone & Co.

No. 21.—JULY 18. Render an account sales to E. Mason & Co., and enclose a New York draft for the amount of the net proceeds.

INSTRUCTIONS.—Turn to your consignment ledger and see that all sales from this consignment, M-1, have been transferred from the sales book to the second, or sales, column of the loose sheet stenciled M-1 in the consignment ledger. Foot this second, or sales, column, and place the amount at the bottom of the page. Find the commission at 5%, and write in the first column of the loose sheet the amount, *$13.34*. Take 1% of the sales for insurance, storage, etc., and place it against the word *Charges*, under which head insurance, storage, etc., will be kept in the ledger. Subtract the sum of the amounts in the first column from the footing of the second column, and place the difference opposite *Net Proceeds* in the first column of the loose sheet (see model, page 152). This is the

amount to be sent to E. Mason & Co. This amount is to be sent by New York draft, the cost of which you will pay. Make out a check for the amount of the net proceeds of the consignment plus 25 cents, the cost of the draft.

The following is a form of check to be used in the purchase of New York drafts.


No. 215.
July 18, 190
(Your place here.)
THE Traders Bank
Pay to the order of N. Y. Draft 246.64 Ex. 25¢ $246.89
Two hundred forty-six 89/100 Dollars
IN COLLEGE CURRENCY.
E. H. Reed & Co.

Take this check to the bank and purchase a New York draft, payable to your own order, for the amount of E. Mason & Co's. net proceeds. Indorse the draft over to E. Mason & Co.

Enter in your account sales register the information called for in the columns of that book (see pages 140 and 141), taking the amounts from the loose sheet after it is footed.

The form on page 152 shows the loose sheet of E. Mason & Co's. consignment No. 1 as it should appear at the present time.

Enter in your cash book, debiting *Consignments* (Mason & Co's. const. No. 1) for the amount of the draft, and *Expense* for the cost of the draft, 25¢. (If a large number of New York drafts is sent, so that there would be a considerable amount paid for exchange, an account with collection and exchange should be kept, but in this business it is not thought advisable to open such an account, and *Expense* is debited for the exchange on drafts.) Balance the loose sheet in your consignment ledger. If your work is correct, the columns will foot alike. Remove the loose sheet from the ledger and take an impression of it in the letter book. Place the New York draft and the loose sheet (M-1) in an envelope properly addressed, and place in Vouchers for Others.

As the consignment is now closed, and you have sent the net proceeds to the consignor, it is evident that there is no necessity for any record of this lot in your books. If your school is not provided with the proper letter press, then the entry in the account sales register will be a sufficient record of the transaction.

Some business houses have the draft made payable to the order of the person to whom it is sent, but it is better to make the draft payable to your own order and indorse it over to the person to whom it is to be sent, as his indorsement will then be necessary before he can get the cash on the draft, and the indorsement is a receipt for the money.

No. 22.—Render an account sales of lot R-1 received from Rice & Pond.

Fill out the loose sheet in the consignment ledger as in No. 21, and write a check for the amount of the net proceeds. Take a copy of the loose sheet in your letter impression book, and enclose with the check in an envelope, which address to Rice & Pond, and place in Vouchers for Others. (Enter in cash book and account sales register.)

SALE OF MERCHANDISE FOR ACCOUNT OF E. Mason & Co. M-1

Milford. (Your state.)

BY **E. H. REED & COMPANY,**

COMMISSION MERCHANTS,

(Your place here.)

INVOICE No. 1

INVOICE DATE July 13, 190

(Write your own name here.) MANAGER.

190		FOLIO.						
July	16		RECEIVED, 12 tubs Butter, 10 csds. Eggs 5 boxes Cheese					
	16	C-3	FREIGHT, CARTAGE, ETC.		4	20		
			ADVANCES.					
			SALES.					
	16	1	5 csds. Eggs, 120 22¢ doz. 2 tubs Butter 240 20¢				55	20
	16	1	2 bxs. Cheese 150 110# 10 tubs " 600 24¢				160	50
	17	2	3 " " 165# 5 csds. Eggs 120 22¢ doz.				51	15
	18		COMMISSION, 5%		13	34		
			CHARGES, 1%		2	67		
			NET PROCEEDS, N.Y. draft		246	64		
					266	85	266	85

No. 23.—This memorandum accompanies another shipment received from E. Mason & Co.

Enter as before on a loose sheet, and place in your consignment ledger. The stencil will be M-2.

No. 24.—This memorandum comes with another lot of goods consigned to you by Rice & Pond. The stencil will be R-2. (Enter on a loose sheet as usual.)

No. 25.—This letter comes with goods from Chas. Hunter & Co. (Enter on a loose sheet consignment as in No. 23.)

No. 26.—Fill this order, taking 3X flour, $5.25, and Pastry flour, $5.50, from your own merchandise; C. E. peas, $1.30; E. J. peas, $1.50; beans, $1.20, from lot W-1. Draw a draft at 60 days from the date of the bill and present it to your teacher for acceptance. He will accept the draft for D. W. Perry & Co. Make the proper journal entry, and place the acceptance in the Cash Drawer.

No. 27.—Take order No. 19, A. W. Noone & Co., from your Voucher File and make a bill of the goods called for, taking 20 brls. Redcloud at $4.75 per brl. and 40 brls. Snowflake at $4.90 per brl. from Fischer Flour Co's. consignment No. 1, and 10 brls. apples at $3.75 per brl. from E. Mason & Co's. consignment No. 2.

No. 28.—Sales from blotter. Enter in your sales book, and carry such items to the loose sheets in the consignment ledger as belong to the consignment sales.

No. 29.—Cashier's payments. Make out checks for the amounts required, and enter in your cash book. Carry all consignment sales from the sales book to the consignment ledger, and all consignment items from the credit side of the cash book to the consignment ledger.

No. 30.—JULY 19. Render an account sales of lot W-1, and place the net proceeds to the credit of the Western New York Preserving Company subject to sight draft. In this case no check has been sent for the net proceeds, but an account will be opened with the Western New York Preserving Company in your main ledger. Write *Placed to credit* opposite *Net Proceeds* on the loose sheet. Remove the loose sheet, take a copy, and send it as usual to the consignor. Enter in your account sales register as usual. The net proceeds should be posted to the ledger from the account sales register. Place in Voucher for Others.

No. 31.—This check is received from the Public Market Co., to pay the balance due to the first of July, $244.60.

No. 32.—This check is received from G. H. Tucker & Co., to pay the balance due to the first of July, $204.13.

It is not necessary to send a receipt for a check, since the check itself when paid by the bank will be canceled and returned to its maker, and thus show that the amount has been paid to the person in whose favor it was made; but it is customary in most business houses to acknowledge the receipt of a check by a letter similar to the one given as a model on page 81.

No. 33.—The Traders Bank presents Chas. Hunter & Co's. draft at sight. Accept it by writing *Accepted, July 19, payable at Traders Bank* across the face, and give the draft to the Traders Bank, asking them to charge to your account. The bank will deduct the amount of the draft from your balance on deposit, and the draft will come back to you with your own vouchers when your bank pass book is written up. Do not fail to deduct the amount of this draft from your balance in the bank, as shown on the stub of your check book, and enter in the cash book, debiting *Consignments*, since it is paid on Hunter's consignment No. 1.

No. 34.—Sales for the day as per blotter. (Enter in sales book and cash book.)

No. 35.—Cashier's payment for the day. (Write the check and enter in your cash book.)

No. 36.—This invoice has been received for your order given to the salesman of the house, who has recently called upon you.

Carry all sales from consignments to the consignment ledger, and see that cash paid for consignments is placed in the debit column of the consignment for which it was paid.

No. 37.—JULY 20. Ship to J. M. Marsh & Co., Boston, Mass., to be sold on commission, 25 bxs. cheese, 2625 lbs., at 12¢; 25 tubs butter, 1500 lbs., at 21¢. Pay insurance, $1.50, in cash. (Enter in shipment ledger and cash book.)

No. 38.—Ship 1000 bu. potatoes at 62½¢, and pay for insurance, $1.25. (Enter in shipment ledger and cash book.)

No. 39.—Draw at 30 days, on J. M. Marsh & Co., for $300, and place the draft in Traders Bank for collection. Make journal entry, crediting *Shipments* and debiting *Bills Receivable*, since it is understood that Marsh & Co. will accept the draft; also credit Shipment to J. M. Marsh & Co. in shipment ledger for $300. Make no entry on the stub of the check book. An entry will be made in your bank pass book by the teller at the bank when the draft is collected, and you will then enter it on the stub of the check book.

No. 40.—This memorandum of advice accompanies a lot of goods received from the Iowa Packing Co., to be sold on their account and risk. (Enter the goods on a loose sheet, and paste the sheet in the consignment ledger.)

No. 41.—Fill this order from Fischer Flour Co's. consignment—Redcloud, $4.75; Snowflake, $4.90. (Enter in the sales book and in the loose leaf consignment ledger.)

No. 42.—Sales from blotter. (Enter in sales book, cash book, and consignment ledger.)

No. 43.—Render an account sales of the Fischer Flour Co's. consignment, and send them a check for the net proceeds, less draft for $300 accepted July 17th.

No. 44.—This invoice is received for goods ordered by you on the 17th.

No. 45.—This invoice is received from Russell & Birkett.

No. 46.—Cashier's payments. (Enter in the proper columns of the cash book.)

No. 47.—This check is received from the City Hotel Co., for the amount due July 1st, less 5%. (Enter in the cash book, placing only the net cash received in the General column and the discount in the Merchandise Discount column.)

No. 48.—Deposit all cash and checks on hand.

Post all books and take a trial balance. Write the pages first in the ledger index, and then open the accounts in your main ledger, as follows, treating the first blank page as page 1: Page 1, E. H. Reed, Student, Merchandise, each one-third page. Page 2, Expense, Furniture and Fixtures, Real Estate, Commission, each one-fourth page. Page 3, Charges, Horse and Wagon, Office Supplies, Merchandise Discount, each one-fourth page. Page 4, Shipments, Discount, Freight, each one-third page. Page 5, Loss and Gain, one-half page. Page 6, Theodore Crosby & Co., A. W. Noone & Co., Public Market Co., Geo. H. Tucker & Co., each one-fourth page. Page 7, City Hotel Co., Thomas Varick & Co., E. B. Dean & Co., National Market Co., each one-fourth page. Page 8, D. W. Perry & Co., J. M. Marsh & Co., Bills Receivable, Consignments, each one-fourth page. Page 10, Russell & Birkett, Curtice, Olney & Co., Lutz Bros., Gillette & Hennigan, each one-fourth page. Page 11, Dock & Coal Co., Western New York Preserving Co., Chas. Hunter & Co., Bills Payable, each one-fourth page.

INSTRUCTIONS FOR POSTING.

In this month's business the posting is somewhat more complicated than in the previous work, and it is well to get a clear idea of the books from which the entries in the main ledger are taken, and the manner in which they are posted. The main ledger should be divided into sections, as in the previous month's work, the first containing the partners'

accounts and all accounts showing losses or gains, including an account with shipments and the Loss and Gain account. The account with shipments is really an abstract of the shipment ledger and the Shipments column in the cash book, with perhaps an occasional entry from the journal, in cases where the net proceeds of the shipment have been placed to your credit instead of remitted in cash. The second section, called the customers' ledger, should contain all accounts which are resources to the business, and an account with consignments, which is an abstract of the account sales register and the Consignments columns of the cash book and the sales book. The third section should contain all accounts which are liabilities to the business.

The items from the Consignments columns of the cash book and the sales book should be carried to the loose sheets in the consignment ledger at the close of each day, as it is necessary that they appear there before an account sales can be rendered to the consignor, and it is also necessary that the items in the Shipments columns of the cash book be carried to the shipment ledger in the same manner, as they must appear there before the final closing of the shipment ledger or the balancing of the cash book. When the amounts from the Shipments columns of the cash book are carried to the shipment ledger, each shipment should be closed by writing *Loss* or *Gain* on the smaller side of the shipment ledger (see model, page 138).

Post your journal as usual.

POSTING THE CASH BOOK.

Debit Side of Cash Book.—Post the General column of the cash book on the debit side as in previous cash books, except that cash sales of merchandise which are charged to individuals are not posted, but checked off both in the cash book and the sales book (see model, page 136).

Post the footing of the Merchandise Discount column to the debit of Merchandise Discount in the main ledger. Do not forget to credit each personal account with merchandise discount, as well as with the net amount of cash received (see model following).

W. B. ANDREWS.

Jan.	1	Balance			250		Jan.	7	C	2	237	50
								7	C	2	12	50

Post the footing of the Shipments column to the credit of Shipments in the main ledger.

Credit Side of Cash Book.—Post the General column as in previous work.

Post Merchandise Discount to the credit of Merchandise Discount in the main ledger. Do not forget to debit each personal account with the merchandise discount, as well as with the net amount of cash paid out (see model following).

H. F. WOOD & BROS.

Jan.	9	C	3	570		Jan.	3	S. B.	5	600		
	9	C	3	30								

Post the footing of the Shipments column to the debit of Shipments in the main ledger.

Post the footing of Consignments column to the debit of Consignments in the main ledger. Balance the cash book (see model pages 136 and 137).

POSTING THE SALES BOOK.

Post as in previous work to the debit side of personal accounts in the ledger, except that cash sales should not be posted to the debit of persons to whom they are made, but checked off as in the cash book (see model, page 139).

Post the footing of Sales from Consignments column to the credit of Consignments in the main ledger.

Post the footing of the Merchandise column to the credit of Merchandise in the main ledger.

POSTING THE SHIPMENT LEDGER.

Post the footing of the Merchandise column in the shipment ledger to the debit of Shipments and to the credit of Merchandise in the main ledger (see model, page 138).

POSTING THE ACCOUNT SALES REGISTER.

Carry the footings of Commission and Charges columns into the Amount Charged to Account column, and opposite these amounts write *Commission* and *Charges* in the Name of Account column. (See model, pages 140 and 141.)

Post to the main ledger any amounts which may be in the Amount Charged to Account column to the credit of the names indicated in the Name of Account column of the account sales register, and the total of this column to the debit of Consignments. (See model, pages 140 and 141.)

Post the invoice book as usual.

Your posting is now completed, but you should check back, to be certain that there are no omissions.

Study carefully these directions for posting, and you will have no trouble in taking your trial balance.

No. 49.—JULY 23. This check has been received in payment of bill of July 16th, less 3% on the part of the sale which was made from your own merchandise. See if the check is for the correct amount, and if so, enter it in your cash book, debiting *Merchandise Discount* for the amount of the difference between the check and the amount of the bill shown in your sales book under date of July 16th.

No. 50.—This check is in payment of bill of the 17th, less 3% on that part which was taken from your own merchandise. (Enter as in No. 49.)

No. 51.—This bill of lading of flour shipped you by the Fischer Flour Co., to be sold on their account and risk, together with the accompanying sight draft for $500 are presented by your bank. Accept the sight draft by writing across the face *Accepted, payable at Traders Bank.* This is in effect instructing the bank to charge to your account, and of course you must deduct this $500 from the bank balance on the stub of your check book (see No. 33); enter also in your cash book, debiting *Consignments, Fischer No. 2.* Enter the goods on a loose sheet in the consignment ledger, with the stencil mark *F-2*, and opposite *Advances*, in the debit column, write the amount of the sight draft you have ordered to be paid.

No. 52.—This memorandum comes with goods received to be sold on account of Rice & Pond. (Enter the goods on a loose sheet in the consignment ledger.)

No. 53.—Render an account sales to Rice & Pond for consignment No. 2, which is sold out, and send them a check for the net proceeds.

Close the consignment in your consignment ledger, and remove the sheet from the book. Enclose the check with it, and place both in Vouchers for Others. Make the proper entry for the check in your cash book. In what column should the amount be placed? Make entry in the account sales register.

No. 54.—This draft is presented to you by the bank for payment. Write *Accepted, payable at Traders Bank* across the face, as in No. 51, and place it in Cash Paid Out, or give it to the bank teller or to the person appointed to take charge of such paper. (Enter in your cash book, debiting *Western New York Preserving Co.*)

No. 55.—Fill this order, taking apples, $3.75 per brl., butter, 24¢ per lb. from Mason's consignment No. 2, and XXX flour, $5.25 per brl., XX flour, $5.00 per brl., Pastry flour, $5.50 per brl., from your own merchandise. Do not fail to write the stencil number of the consignment opposite the items in the sales book that are taken from Mason's consignment, and enter these amounts on the credit side of the loose sheet in the consignment ledger.

No. 56.—These sales are taken from the blotter of the day. Enter in your sales book as usual, and be sure that you place the stencil mark opposite each sale made from a consignment.

No. 57.—Cashier's payments for the day. Make out these checks as usual, and enter in your cash book. Be careful in calculating your discounts.

No. 58.—JULY 24. This invoice has been received from the Dock & Coal Co.

No. 59.—This check has been received from Larkin & Co. with an account sales of shipment sent them the 17th. Enter in your cash book, placing the amount in the Shipments column; also enter in shipment ledger in credit column (see model, page 138). Close this shipment.

No. 60. This check is received in payment of bills of July 17th and 18th, less 3% on the part of the bills which have been sold from your own merchandise. See that the discount is correctly calculated. Enter in your cash book as usual. (See No. 49.)

No. 61.—Take from your Cash Drawer draft on D. W. Perry & Co., at sixty days from July 18th, for the amount of their bill of that date, $220.25, and have it discounted at the bank. (Prepare discount slip as usual.) Notice that the draft is not discounted for 60 days, but for the time it has to run. See when it is due; then calculate the discount upon it for the time between July 24th, the present date, and the date upon which it falls due. See that the net proceeds are placed to your credit in your bank pass book, and enter in your cash book and on your check book stub the same as a deposit. What account should be credited? What account should be debited?

No. 62.—This memorandum comes with goods received, freight paid, from the Western New York Preserving Company. (Enter on loose sheet of consignment ledger as usual.)

No. 63.—Render an account sales of consignment received from the Iowa Packing Company. Their net proceeds should be $136.48. Send them this amount by New York

draft, for which you will pay 25¢. Make the check for $136.73, amount of draft and exchange, and buy the draft at the bank, giving the check in exchange for it. Have the draft made to your own order, indorse properly, and enclose it with the account sales in an envelope addressed to the Iowa Packing Company. Make the proper entries in your cash book and account sales register (see No. 21).

No. 64.—These sales have been made from the blotter. Enter in the sales book and the cash book as usual, and carry to the consignments sheets in the consignment ledger.

No. 65.—Ship to Warren Jordan, New York, to be sold on commission, 150 brls. apples at $2.75, 800 bu. potatoes at 55¢. (Enter in your shipment ledger.)

No. 66.—Cashier's payments for the day. Make out checks and enter properly in the cash book and on the check book stub.

No. 67.—JULY 25. This bill of lading and the accompanying sight draft are presented by the Traders Bank, and the goods mentioned have been received from the Iowa Packing Co., to be sold on their account and risk.

Accept the draft, payable at the bank, and place it in Cash Paid Out, or hand it to the teller if there is one. Deduct the amount from your balance on the stub of your check book. Enter in your cash book, and make a record of the receipt of the goods on a consignment sheet in the consignment ledger.

No. 68.—Enter this lot received from E. Mason & Co. on a loose sheet of the consignment ledger. (M-3.)

No. 69.—Send 500 bu. potatoes at 55¢, and 10 tubs butter at 21¢, to F. H. Larkin & Co., Northboro, to be sold on commission. Take these goods from your own merchandise. (Enter in your shipment ledger.)

No. 70.—Render an account sales of E. Mason & Co's. consignment No. 2, and send them the net proceeds by New York draft. Make out a check for the amount of the draft and 50¢ exchange. Give the check to the bank teller, or person appointed to take charge of such paper, receive the draft, which should be for $465.47, and indorse it to the order of E. Mason & Co. Enter in your cash book and account sales register (see No. 21).

This check is for a larger amount than you have on deposit in the bank at this time. When you present the check in exchange for the draft to be sent to E. Mason & Co., tell your teacher, or the cashier of the bank, that this overdraws your account, but that during the day you will make a deposit of checks, etc., sufficient to make up the deficiency. Deduct the balance you have on hand from the amount of the check, and write the remainder, in red ink, on the stub of your check book, with the explanation, *Overdraft.*

It is customary for banks to allow an occasional overdraft from customers in good standing, and such overdrafts will sometimes occur through mistakes arising from the failure to deduct a check from the balance shown on the stub of the check book. In such cases the bank generally notifies the drawer of the check that he has overdrawn his account, and requests him to make up the deficiency.

No. 71.—Order received from D. W. Perry & Co. Fill order as usual, taking apples at $3.50 and butter at 22¢ from H-1; plums at $1.50 and peaches at $1.75 from W-2.

No. 72.—Sales from blotter. Enter in your sales book, and carry to the consignment sheets. Place the cash in your Cash Drawer. Check off cash sales in the sales book and in the cash book.

No. 73.—Cashier's payments for the day. Make out a check for the bill for building stable, and pay the freight bills in cash. Do not forget to charge each consignment and each shipment with its freight bill.

This check is also an overdraft, and, like the amount sent to E. Mason & Co., it will be made up in the day's deposits. Add $350 on the stub of the check book to the red ink overdraft, and write the result underneath, in red ink, with the explanation, *Overdraft.* When you make your deposit at the close of the day, deduct this red ink amount of overdraft from your deposit for the day on the stub of your check book, and write the difference underneath, in black ink, with the explanation, *Balance.*

No. 74.—Deposit checks of National Market Co., Public Market Co., Thos. Varick & Co., F. H. Larkin & Co. and F. H. Randall & Co.

No. 75.—JULY 26. This invoice has been purchased from Gillette & Hennigan.

No. 76.—Fill order, taking oranges at $6.00, lemons at $4.75 and pineapples at $1.80 from your own merchandise; plums at $1.50 and cherries at $1.50 from W-2.

No. 77.—This order is received from G. H. Tucker & Co., and, as per letter, you may draw a sight draft for the amount of the bill. Fill the order, taking goods from your own merchandise—pineapples, $1.80; lemons, $4.75; cheese, 15¢; ketchup, $2.50.

Make out the invoice, and deduct the discount at 3%, since the sale is in effect for cash. Draw the draft and place it in your Cash Drawer for deposit at the close of the day with other drafts and checks received. Enter the amount in your cash book the same as if it were a check, and check off the sales book and the cash book entries the same as in regular cash sales.

No. 78.—These are sundry small sales made from your own merchandise and not entered in the sales book, but charged direct to the credit of *Merchandise* from the cash book.

No. 79.—This is a letter from Russell & Birkett, enclosing a draft. Accept this draft and place it in Vouchers for Others. Enter in your journal.

No. 80.—This check is in payment of bills of July 16th and 17th. The bills are net.

No. 81.—Cashier's payment. Pay freight on Gillette & Hennigan's invoice in cash, $5.60.

No. 82.—Deposit sight draft of G. H. Tucker & Co. and check of City Hotel Co. Enter the sight draft on your deposit ticket under *Checks*, with the explanation, *Sight draft*, opposite the amount. It will be received by the bank the same as a check, if the depositor is a responsible person.

No. 83.—JULY 27. Return 10 tubs of butter received from Chas. Hunter & Co., as it is found upon examination to be unfit for your trade.

This transaction calls for an entry in your consignment ledger. Under *Sales* write *10 tubs butter returned, 600 lbs.* Write a letter to Hunter & Co., telling them why the goods have been returned.

No. 84.—Render an account sales to Rice & Pond for consignment No. 3. Send them a check for the net proceeds. Do not fail to enter in account sales register.

STATEMENT OF LOSSES AND

	Expense	cost	110				
		insurance unexpired	45	68	64	32
	Real Estate	cost	7200			
		valued at	7050		150	
	Furniture and Fixtures	cost	200			
		valued at	175		25	
	Horses and Wagon	cost	275			
		valued at	250		25	
	Office Supplies	cost	35			
		valued at	30		5	
	Freight	cost			115	30
	Discount	excess of debits			2	40
	Gain from the business*				469	52
					856	54
	Interest due Geo. Ward, partner		13	26		
	" " A. H. Gray, "		12	71	25	97
	Geo. Ward, ½ net gain*		221	78		
	A. H. Gray, ½ net gain*		221	77	443	55
					469	52

*To be entered in red ink.

No. 85.—Sales from blotter. (Enter in your sales book, consignment ledger and cash book.)

No. 86.—Cashier's payments. Pay these amounts in currency, and enter as *Expense* and *Office Supplies* in your cash book.

No. 87.—This check is for A. W. Noone & Co's. account, item of the 18th inst. See that the amount is correct.

No. 88.—This check is from E. B. Dean & Co., in payment of bill of the 17th, less 3% discount on that part of the bill taken from your own goods. See that the discount is properly calculated and deducted, and enter in your cash book (see No. 49).

No. 89.—Render an account sales to Chas. Hunter & Co., and place the net proceeds to their credit (see No. 30). Enter in Packages Returned column of the account sales register the 10 tubs butter returned July 27th.

No. 90.—Received account sales of shipment to J. M. Marsh & Co.; net proceeds have been placed to your credit subject to sight draft. Enter in your journal, debiting *J. M. Marsh & Co.* and crediting *Shipments*. Enter in the shipment ledger, as usual, in the credit of the ledger columns. Close the shipment.

No. 91.—Received an account sales from W. A. Simonds & Co., New York, with N. Y. draft for your net proceeds. Enter in the cash book as usual, and also in the credit column of the shipment ledger. Close the shipment.

GAINS, JULY 31, 190–.

	Shipments	received from sales	2800			
		value of unsold	1445	75		
			4245	75		
		cost	4115	42	130	33
	Merchandise	sales	4461	27		
		value of unsold	2747	38		
			7208	65		
		cost	6844	30	364	35
	Mdse. Discount	excess of credits			215	68
	Commission				122	47
	Charges				23	71
					856	54
	Gain from the business brought	down			469	52
					469	52

No. 92.—Your acceptance of July 17th, favor Fischer Flour Co., is due this day at Traders Bank. Deduct the amount from your balance, and enter in the cash book.

No. 93.—Deposit all cash, checks and N. Y. drafts.

Post all your work, being sure to check back before you take a trial balance. Note carefully the following:

First.—That you have posted your journal correctly.

Second.—That you have posted the footings of Shipments, Consignments and Merchandise Discount columns in your cash book to the Shipments, Consignments and Merchandise Discount accounts in the main ledger.

Third.—That you have posted the footings of the Merchandise and Consignments columns in your sales book to Merchandise and Consignments accounts in your main ledger.

Fourth.—That you have posted the footing of Merchandise column in your shipment ledger to the credit of Merchandise and to the debit of Shipments accounts in your main ledger.

Fifth.—That you have posted the footings of Commission and Charges columns in your account sales register to the debit of Consignments and to the credit of Commission and Charges accounts in your main ledger, and all amounts which may appear in the Charged to Account column of that book to the credit of the persons or firms to whom accounts sales have been rendered, and the total to the debit of Consignments.

Sixth.—That you have credited each account in the main ledger from the invoice book with the amount of each invoice, and debited Merchandise account for the total.

STATEMENT OF RESOURCES AND

	Real Estate	valued at		7050			
	Expense	insurance unexpired		45	68		
	Office Supplies	valued at		30			
	Horses and Wagon	" "		250			
	Shipments	" "		1445	75		
	Merchandise	" "		2747	38		
	Furniture and Fixtures	" "		200			
	Cash	in bank		1795	60		
	Bills Receivable	notes on hand		375			
	Accts. Receivable	personal debit balances		3421	48		
	Consignments	advances made in excess of sales		520			
						17880	89
	Geo. Ward	net investment	2652.00				
		interest	13.26	2665	26		
		½ net gain		221	78		
		present worth				2887	04
	A. H. Gray	net investment	2542.00				
		interest	12.71	2554	71		
		½ net gain		221	77		
		present worth				2776	48
						5663	52

Shipments Account in the Ledger.—This account is closed like all the business accounts, by writing *Gain* or *Loss* on the smaller side of the account, but it is always necessary to find from the shipment ledger what goods are as yet unsold. Enter the value of these shipments on the credit side of Shipments account as an inventory. The gain or loss shown when the Shipments account is closed should be the same as the difference between the gains and losses from the shipments, less charges on unsold goods, as shown in the shipment ledger, where each shipment is balanced by writing *Gain* or *Loss* on the smaller side in the ledger columns of that book. As made up from the postings, the Shipments account in the ledger should contain on the debit or left-hand side: (a) the footing of Merchandise column from the shipment ledger; (b) the footing of the Shipments column from the credit side of the cash book. On the credit side should be found: (a) the footing of the Shipments column from the debit side of the cash book; (b) any amounts from consignees who have rendered you accounts sales, but have not sent remittances. These amounts will be found in the journal, where the entries have been made covering such transactions.

Consignments Account in the Ledger.—Consignments account in the ledger is an account which, when all consignments are disposed of and accounts sales rendered, should exactly balance, for you neither gain nor lose by consignments, your profits from such accounts being shown through Commission and Charges accounts; but consignments will very seldom, if ever, be all closed out at any one time. If you have sold parts of several consignments, and not rendered accounts sales of such consignments, you owe the con-

LIABILITIES, JULY 31, 190–.

Bills Payable	notes outstanding			4000	
Accts. Payable	personal credit balances			8217	37
Present Worth*				5663	52
				17880	89
Present Worth brought down				5663	52
				5663	52

*To be entered in red ink.

signors for the amount sold, and Consignments account balanced will be a liability; but on the other hand, you may have accepted or paid drafts in advance of sale of goods received. In that case, the balance of Consignments account will be a resource, for the consignees owe you for these advances until you have received enough from the sales of consignments to make them up. The balance of Consignments account, therefore, should appear in your statement of resources and liabilities as a resource or a liability, as the case may be.

Consignments account when posted to the ledger should contain on its debit side the footing of the Consignments column from the credit side of the cash book and any debits which may have been posted from the journal. On the credit side should appear the footing of the Consignments column of the sales book.

It is found that you have on hand the following goods:

50 brls. Apples,	at $3.50	16 bxs. Lemons,	at $4.00
94 doz. C. Beans,	1.00	5 " Oranges,	5.00
7 tubs Butter, 420 lbs.,	21¢	72 doz. C. Peas,	85¢
27 bxs. Cheese, 2735 lbs.,	11¢	3 brls. S. Pickles,	7.00
72 doz. C. Corn,	1.05	3 " Sw. Pickles,	9.00
105 brls. 3X Flour,	4.50	489 bu. Potatoes,	62½¢
70 " 2X Flour,	4.25	1 doz. Pineapples,	1.20
55 " Pastry Flour,	4.75	133 " C. Tomatoes,	95¢
30 doz. Ketchup,	2.00		

It is estimated that the real estate is worth $9700.

The premium on the insurance policy is estimated to be worth $45.83.

The office supplies on hand—paper, envelopes, stamps, etc.—are valued at $35.

Furniture and fixtures valued at $225.

Horses and wagon valued at $292.50.

Unsold shipments have cost you $1253.50, and are valued at that amount, as shown in your shipment ledger.

Make a statement of losses and gains according to the model on pages 160 and 161.

The first part of this statement shows the gain arising from the regular transactions of the business, but the partners agreed that the difference between their investments should be settled by giving interest to each partner for his net investment. This interest must be deducted from the gain of the business, as shown in the second part of the model statement. Find the interest on your own investment and on that of E. H. Reed for the time this business has continued, which is 31 days. Enter the amounts of interest on the debit or loss side of your loss and gain statement, as in the model, then credit Reed one-half and yourself one-half of the gain which remains, for these amounts have been deducted from the total gain of the business.

Make a statement of resources and liabilities according to the model on pages 162 and 163, supplying the necessary figures from your own books.

Close your ledger, making the date July 31st. Do not forget to enter all the inventories on the credit side of the accounts to which they belong.

Close all the business accounts, writing *Loss* or *Gain*, in red ink, on the smaller side, and transfer these closing entries to the Loss and Gain account. After this has been done, close the Loss and Gain account by writing *Gain from the business*, in red ink, on the smaller side of the account. Foot and rule, and bring this gain from the business over to the opposite side of the Loss and Gain account.

There is due each partner interest at 6% on his investment for the time it has been in the business (31 days). Calculate this interest; the amount is $3x.x3 on your investment and $4x.x9 on Reed's investment. This interest is to come out of the gains of the business, therefore enter it on the debit side of the Loss and Gain account in the ledger, in red ink, writing *E. H. Reed, interest* opposite *$4x.x9*, and (*Student*), *interest* opposite *$3x.x3*. Transfer your interest to the credit side of your account in the ledger and Reed's interest to the credit side of his account.

Close the second section of the Loss and Gain account by writing, in red ink, on the debit side, (*Student*), *net gain*, with one-half the difference between the two sides of the Loss and Gain account as it now stands, and also, in red ink, *E. H. Reed, net gain*, with one-half the difference of the account as it now stands.

Balance the Loss and Gain account, and transfer your own and Reed's gains to the credit side of your respective accounts in the ledger.

The following model is the exact form of a Loss and Gain account corresponding to the statement of losses and gains on pages 160 and 161. This Loss and Gain account is similar in form to the Loss and Gain account in your ledger.

LOSS AND GAIN.

1900									
July	31	Expense	64	32	July	31	Shipments	130	33
		Real Estate	150				Mdse.	364	35
		Furniture and Fixtures	25				Mdse. Discount	215	68
		Horse and Wagon	25				Commission	122	47
		Office Supplies	5				Charges	23	71
		Freight	115	30					
		Discount	2	40					
		Gain from business*	469	52					
			856	54				856	54
*July	31	Geo. Ward, interest*	13	26	July	31	Gain from business	469	52
		A. H. Gray, " *	12	71					
		Geo. Ward, net gain*	221	78					
		A. H. Gray, " " *	221	77					
			469	52				469	52

*To be entered in red ink.

QUESTIONS.

1. Define commission business, and state how a commission merchant receives payment for his services.

2. Define consignor, consignee, consignment.

3. Describe the method of marking goods so that it may be known to what consignment they belong.

4. What is the consignment ledger, and what are the advantages of the loose leaf method of keeping accounts with consignments?

5. Define advances, and state where they should be entered in the consignment ledger.

6. When all the goods of a consignment have been sold and the entries of sales made in the consignment ledger, how should you proceed to close the account in the consignment ledger?

7. What extra columns appear in the cash book of this month?

8. How are merchandise discounts posted?

9. What items appear in the Shipments column on the debit side of the cash book? On the credit side?

10. What items should appear in the Consignments column of the cash book?

11. Define a shipment.

12. What is the object of the shipment ledger?

13. What special columns appear in the sales book?

14. How are sales from consignments indicated in the sales book?

15. Describe the account sales register. What accounts are posted from this book?

16. Of what is the account with shipments in the main ledger an abstract?

17. Where should you post the footing of the Consignments column from the credit side of the cash book?

18. Where should you post the footing of the Sales from Consignments column of the sales book?

19. How should you post the Charged to Account column of the account sales register?

20. What course is generally pursued by banks when an overdraft is made?

21. How should you indicate an overdraft on the stub of your check book?

WHOLESALE DRY GOODS BUSINESS.

Books Kept.—The books which you will keep in this work are the journal-daybook, sales book, invoice book, cash book, main ledger, sales ledger, purchase ledger, and bill book.

Journal-Daybook.—On the debit side, the journal-daybook is provided with the following columns: Accounts Payable, General, Bills Receivable. All notes received are entered in the Bills Receivable column. The several items in this column are not posted. The footing of the column is posted to the debit of Bills Receivable in the main ledger. (See Model Journal, page 167.)

When a creditor is paid by giving him a note or draft, he should be charged in the column entitled "Accounts Payable." The several items in this column are posted to the debit of the proper accounts in the purchase ledger. The footing of this column is posted to the debit of Accounts Payable in the main ledger.

Debit journal entries other than those provided for above are entered in the General column. The several items in this column are posted to the debit of the proper accounts in the main ledger. The footing is not posted.

The journal-daybook is provided with the following columns on the credit side: Accounts Receivable, General, Bills Payable. Whenever one of your customers gives you a note or draft on account, he is credited with the amount of the payment in the column entitled "Accounts Receivable." The several items in this column are posted to the credit of the proper accounts in the sales ledger. The footing of this column is posted to the credit of Accounts Receivable in the main ledger.

When you issue your note on account the credit entry is made in the Bills Payable column. The footing of this column is posted to the credit of Bills Payable in the main ledger. The several items are not posted.

All credit journal entries other than those provided for above are made in the General column. The several items in this column are posted to the credit of the proper accounts in the main ledger. The footing is not posted.

Cash Book.—On the debit side the cash book is provided with the following columns: Amount of Invoice, Discount Allowed, Amount Received, Merchandise, Sundry. (See form of Cash Book, pages 168 and 169.)

When a customer pays you on account, the amount of the invoice is entered in the column entitled "Amount of Invoice." If discount is allowed, the amount of the discount is entered in the column entitled "Discount Allowed." The amount of cash received is entered in the column entitled "Amount Received." All cash sales of merchandise are entered in the column entitled "Merchandise." Other debit entries are made in the column entitled "Sundry."

The several items in the column entitled "Amount of Invoice" are posted to the credit of the proper accounts in the sales ledger. The footing of this column is posted to the credit of Accounts Receivable in the main ledger. The footing of the column entitled "Discount Allowed" is transferred to the credit side of the cash book and posted to the debit of Discount on Sales in the main ledger. Neither the items nor the footing of the column entitled "Amount Received" is posted. The several items in the Sundry column are posted to the credit of the proper accounts in the main ledger. The footing of the column entitled "Merchandise" is posted to the credit of Merchandise Sales in the main ledger.

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Accts. Pay.		General.		B. Rec.		L. F.		Accts. Rec.		General.		Bills Pay.	
							Edward Deane has this day been admitted into partnership with Geo. W. Barnes and C. M. Lyon under conditions shown in articles of co-partnership executed on the same date. The investment of each partner and the resources and liabilities of the old firm are shown in the following entries, and a new set of books is opened showing the following balances.						
		5200	00			1	Cash In Traders Bank						
		120	00			1	" " safe						
		24800	00				Mdse. Per inventory						
				3200	00		Bills Receivable " bill book						
		25900	00				Accts. Rec. " sales ledger						
		15	50				Interest Accrued						
		3000	00				Furniture Valued at						
		13000	00				Real Estate " "						
		600	00				Horses & Wagons " "						
		250	00				Insurance Unexpired						
							Accts. Pay. Per purchase ledger			24500	00		
							Bills Payable Per bill book					12000	00
							Interest Accrued			140	50		
							Discount On bills rec.			6	50		
							Geo. W. Barnes Investment			20151	40		
							" " " Private			18202	10		
							C. M. Lyon Investment			600	00		
							" " " Private			485	00		
							9						
1600							B. Martin & Co. Note at 4 m. on Bills Pay. acct.					1600	
												13600	
							15						
				845	20		Bills Rec. In full to date by D.H.Cross & Co. 4 m. note	845	20				
							22						
				345	20		B. Rec. Dft. at 10 da. for						
				4390	40		Curtis, Hines & Co. invoice 7/4						
								345	20				
								1190	40				
							29						
125	50						R.H.White & Co. Returned						
1795	50						Mdse. Purchases			125	50		
		1725	50				Accts. Payable, Dr.						
		4390	40				B. Receivable, Dr.						
							Accts. Receivable, Cr.			1190	40		
							B. Payable, Cr.			13600			
		79001	40							79001	40		

Cash

DATE.	L.F.	NAME AND EXPLANATION.	AMOUNT OF INVOICE.	DISC. ALLOWED.	AMOUNT RECEIVED.	MERCHANDISE.	SUNDRY.
190-							
Aug. 1		Balance					2265 95
1		Bills Rec. Warren 1/10					1200
4		C. H. Barton 1/10 less 2%	498	9 96	488 04		
6		D. B. Lyon 1/10 " 2%	600	12	588		
6	✓	Mdse. Sales S.B.				242 75	
7		W. H. Wray Net	244		244		
9		Bills Rec. Leach 1/10					412 50
9		Interest on above					4 13
10		Terry Bros. 1/10 less 2%	915	27 45	887 55		
12	✓	Mdse. Sales S.B.				412 60	
14		T. M. Hunt & Co. 1/10 less 5%	720	36	684		
15		Bills Rec. Harper 1/10					920 70
			2977	91 41	2855 59	655 35	
		Accts. Rec Cr.					2977
		Dis. on Purchases Contra Cr.					110 17
		Mdse. Sales					655 35
							6556 83

On the credit side the cash book is provided with the following columns: Amount of Invoice, Discount Allowed, Amount Paid, Collection and Exchange, Sundry.

When you pay one of your creditors on account, the amount of the invoice should be entered in the column entitled "Amount of Invoice." If discount is allowed, the amount of the discount is entered in the column entitled "Discount Allowed." The amount you pay in cash is entered in the column entitled "Amount Paid." Cash payments for collection and exchange are entered in the column entitled "Collection & Exchange." All other credit cash book entries are made in the Sundry column.

The several items in the column entitled "Amount of Invoice" are posted to the debit of the proper accounts in the purchase ledger. The footing of this column is posted to the debit of Accounts Payable in the main ledger. The footing of the column entitled "Discount Allowed" is transferred to the debit side of the cash book, and the amount posted to the credit of Discount on Purchases in the main ledger. Neither the items nor the footing of the column entitled "Amount Paid" is posted. The several items in the Sundry column are posted to the debit of the proper accounts in the main ledger. The footing of the column entitled "Collection & Exchange" is posted to the debit of Collection & Exchange in the main ledger.

Cash

Date.	L.F	Name and Explanation.	Amount of Invoice.	Disc. Allowed.	Amount Paid	Collection & Exchange.	Sundry
190- Aug. 1		Expense rent Aug.					150
1		R. H. White & Co. 7/10 less 3%	400	12	388		
1		Coll. & Exch. on cks.				1 20	
3		H. W. Little & Co. 7/10 less 5%	750	37 50	712 50		
4		Bills Pay. Note chgd. at Bk.					1420 50
4		Interest on above					14 21
4		Coll. & Exch. on cks.				75	
6		C. W. Carter & Sons 7/10 less 2%	920 50	18 41	902 09		
8		Expense Stamps, etc.					12 46
9		Freight to date					17 25
12		Edw. Hayes & Co. 7/10 less 5%	845 20	42 26	802 94		
15		Coll. & Exch. on cks.				2 45	
			2915 70	110 17	2805 53	4 40	
		Accts. Pay. Dr.					2915 70
		Dis. on Sales. Contra Dr.					91 41
		Coll. & Exch. Dr.					4 40
		Balance in bank 3012. " safe 63.65 *					3875 65
	6						6556 63

Ledgers.—The purchase ledger should include the accounts of all persons from whom you buy goods. It does not differ in form from any other ledger.

The sales ledger should include the accounts of all persons to whom you sell goods. It does not differ in form from your main ledger.

Your main ledger should include all the accounts of the business which are not entered in the purchase ledger or the sales ledger. The difference between the sides of the Accounts Payable account in the main ledger should always agree with the difference between the sides of the purchase ledger. The difference between the sides of the Accounts Receivable account in the main ledger should at all times agree with the difference between the sides of the sales ledger.

Invoice Book and Sales Book.—These books will not differ in form from those previously kept, but in the sales book cash sales are placed in the cash column.

Bill Book.—The bill book will be kept as an auxiliary book; that is, a record of all notes received and issued will be made in it, but no posting will be done therefrom. Some bookkeepers post directly from the bill book and keep no Bills Receivable nor Bills Payable account in the main ledger.

WORK FOR THE STUDENT.

AUGUST 1, 190–.

You have entered into partnership this day with H. W. Taylor and Clark F. Wood, who have been conducting a wholesale dry goods business under the style of Taylor & Wood. The name of the new firm will be Taylor, Wood & Co., and its purpose will be to purchase and develop the business of the firm of Taylor & Wood.

The partnership is to continue five years, unless sooner dissolved by mutual consent of the partners. You are to invest $2500 cash in the business, and Taylor and Wood the net investments as shown by their respective interests in the schedule of resources and liabilities given below.

Since you are an experienced salesman, you will receive $175 per month as salary, Taylor $150, and Wood $125.

Each partner shall at the close of each year, or sooner if the books are closed before the end of the year, be charged with interest at 6% on such sums as he may have withdrawn from the business for his personal use, from the date such sums were drawn until the end of the year, or to such time of closing the books, and he shall receive 6% interest on his investment. It is also agreed that no member of the firm shall draw to exceed $250 per month for his personal use.

Prepare articles of copartnership embodying the above conditions.

The resources of the firm of Taylor & Wood, which are to be purchased, and the liabilities of that firm, which are to be assumed by the new firm, are as follows:

INVENTORY, JULY 31, 190—.

60 pcs.	Denim,	2400 yds.	at .10	20 pcs.	Ox. Gray Homespun	1000 yds.	at .90
25 "	Black Venetian,	900 "	1.10	40 "	Plain French Poplin,	1800 "	.95
25 "	Blue Flannel,	1250 "	.20	200 "	Pique Muslin,	14000 "	.12½
20 "	Broadcloth,	1200 "	3.25	500 Gro.	Smoked Pearl Buttons,		.50
22 "	Creton Plaid,	895 "	.11	45 pcs.	Surah Silk,	2275 "	.44
200 "	Crown Lining,	10838 "	.06	35 "	Storm Serge,	1575 "	.60
30 "	Corduroy,	1108 "	.60	100 "	Sateen,	4900 "	.08½
40 "	Cashmere,	1650 "	.48	100 "	Talbot Flannel,	4421 "	.23
400 doz.	Coates Thread,		.37½	600 doz.	Torchon Lace,		.60
30 pcs.	Duchess Satin,	1500 "	1.65	20 pcs.	Velveteen,	740 "	.24
300 "	Fruit of Loom Sheeting,	18000 "	.07	30 "	Whipcord,	1270 "	.80
20 "	French Crepon,	760 "	1.50	100 "	Wash Silk,	5160 "	.45
36 "	Kersey, 54 in.,	1650 "	.98				
150 "	Monument Cotton,	9000 "	.05¾				

RESOURCES

Merchandise,	per inventory,	$26609.96
Accounts receivable,	" schedule,	20442.75
Bills "	" bill book,	2102.45
Interest,	accrued,	17.48

Cash,	in Commercial Bank, $5185.00 in safe, 675.00	5860.00
Furniture,	per schedule,	2500.00
Real estate,	Flat at #74 Center St.,	12000.00
Horses, wagons and harnesses,		750.00
Insurance,	unearned premium,	275.00
		70557.64

LIABILITIES.

Accounts payable,	per schedule,	19264.69
Bills "	" bill book,	10500.00
Interest,	accrued,	128.25
Discount,	on bills rec.,	2.76
H. W. Taylor,	investment,	15800.00
C. F. Wood,	"	23911.94
Taylor,	private,	400.00
Wood,	"	550.00
		70557.64

Make journal entries for the above accounts as in model, page 167.

PERSONAL ACCOUNTS RECEIVABLE.

Harris & Smith, City,	$4577.94
Brown & Wilson, Troy,	1324.11
Jas. H. Wood & Son, Newton,	1016.42
L. H. Parker, Lima,	1203.86
Sibley & Co., Gardner,	2943.01
W. B. Snow, Akron,	536.88
Ingham & Case, Alton,	66.35
B. C. Wiley, Waverly,	122.44
J. G. Smith, Ottawa,	914.13
W. O. Harrison, Randolph,	1682.12
Lewis W. Chase, Jackson,	3695.42
Carlton, Sons & Co., Dansville,	2360.07
	$20442.75

Enter the above accounts in your sales ledger, allowing one-fourth page to each account.

PERSONAL ACCOUNTS PAYABLE.

Sibley, Lindsay & Curr Co., New York,	$10184.23
Burke, FitzSimons, Hone & Co., Boston,	2837.90
Gimbel Bros., Philadelphia,	4628.71
Granite Mills, Fall River, Mass.,	904.85
Little Falls Woolen Co., Little Falls, N. Y.,	709.00
	$19264.69

Enter the preceding accounts in your purchase ledger, allowing one-half page to each account.

BILLS RECEIVABLE.

Note of C. F. Jenkins for $407.32, dated May 18th, payable at First National Bank, Marietta, Ohio, drawn at three months with interest.

Note of Wilson & Randolph for $654.90, dated June 14th, payable at Merchants Bank, Buffalo, N. Y., drawn at two months with interest.

Note of Warren & Co. for $325.00, dated July 23d, payable at Traders Bank, Scranton, Pa., drawn at 60 days without interest.

Note of Isaac Holman & Sons for $715.23 ,dated June 1st, payable at Second National Bank, Newark, N. J., drawn at three months with interest.

BILLS PAYABLE.

Note in favor of Commercial Bank for $10000.00, dated May 20th, drawn at four months with interest.

Note in favor of Little Falls Woolen Co. for $500.00, dated April 24th, drawn at four months with interest.

Enter the above notes in your bill book. You will find the bills receivable among your incoming vouchers. Examine these notes, and, if correct, write *Taylor & Wood* on the back of each note (thus indorsing the notes to the new firm), and place them in your Cash Drawer. Write the two bills payable, and place them in your Bills Payable File.

In the list of resources is an item of interest, $17.48. Interest has accrued on three of the bills receivable, so that they are now worth more than their face value. It is therefore necessary, in opening this set of books, to find the present value of all notes, in order to determine the actual net investment.

The amount of interest due from others to date is found to be $17.48, and, being an available resource already earned, it is so inventoried. In the same way, interest accrued on our own promises to pay is a liability already incurred, and must be inventoried to show all outstanding obligations.

The note of Warren & Co., drawn without interest, will not be worth its face value until maturity. Computing the discount to maturity, we find the present worth to be $2.76 less than the face value. This amount is credited to Discount; always debit Bills Receivable and credit Bills Payable for their face value. (See journal entry Aug. 1st, page 167.)

Open accounts in the main ledger with all the items in the list of resources and liabilities, carrying inventory of merchandise to Merchandise Purchases account. Open investment accounts on page 1, and private accounts on page 2. For ledger explanations, write *Inventory* for accounts with Merchandise Purchases, Interest, Discount, Insurance, Horse and Wagon, Furniture, and Real Estate; for all others, write *Balance*. (Allow one-half page to each account.)

The company has decided to continue the lease of the store at Nos. 69 and 71 Second St., paying $300 monthly in advance.

Place balance in bank on stub of check book, or deposit in school bank. Place balance of cash in Cash Drawer.

ROUTINE OF WHOLESALE DRY GOODS BUSINESS.

AUGUST, 190–.

No. 1.—AUGUST 1. Count the cash in the envelope, and credit (Student) in the Sundry column of the cash book.

No. 2.—Invoice of W. O. Harrison, Randolph, being 12 days overdue, draw a sight draft on him for the amount, $750. On the back of the draft make indorsement as follows:

Pay to the Commercial Bank, or order,
Taylor, Wood & Co.,
Per (Your name).

(Sign the company name to all vouchers, per your own name.)

Place the draft in Vouchers for Others, or leave it at the bank for collection.

No. 3.—Give a check for the amount of this bill. (Debit *Furniture* in the Sundry column of the cash book.)

No. 4.—Make a bill for this order. Terms, 6% 10 days, 5% 30 days. Enter in the sales book—5 pcs. Monument cotton, 62, 59, 58, 64, 63½ yds. 2 pcs. Creton plaid, 41, 38 yds. 3 pcs. French crepon, 36, 40, 37 yds. 5 pcs. wash silk, 48½, 49, 51, 52, 51½ yds. 2 pcs. Duchess satin, 48, 51 yds. 10 doz. lace.

In the dry goods business there are two kinds of terms for different classes of goods—domestic and regular. Domestic terms are 2% 10 days, 1% 30 days; regular terms are 6% 10 days, 5% 30 days, and no bills to run longer than 30 days. In this work the terms will be given for each sale. Your teacher will assign you a price list from lists, pages 194, 195.

No. 5.—AUGUST 3. Send your traveling man, H. R. Judson, on his eastern trip, and give him $200 cash.

Debit *Traveling Expenses* in the Sundry column. Place $200 in Cash Paid Out.

No. 6.—AUGUST 4. Give check to C. H. Garfield, Agt., $300, rent for August. (Debit *Expense.*)

No. 7.—Sold to Geo. M. Walker, City, for check, 1 piece Oxford gray homespun, 50 yds. 3 pcs. storm serge, 43, 45, 46 yds. 1 piece Duchess satin, 50 yds. 3 pcs. surah silk, 49½, 41½, 43 yds.

Make entry in the cash book, crediting *Merchandise* in special column. Enter sale in sales book, and extend total into cash column; check the entries as in previous work.

No. 8.—This check is in payment of invoice of July 18th, $826.30, less 2% discount.

Enter on the debit side of the cash book as follows: *$826.30* in Amount of Invoice column, amount of discount in Discount Allowed column, and amount of check in Amount Received column.

No. 9.—Fill out deposit slip, depositing cash, $2000, and checks of L. H. Parker and Geo. M. Walker. Collection, $\frac{1}{10}$% of Parker's check. Debit *Collection and Exchange* in the cash book. Deduct the collection from the amount on the deposit slip.

No. 10.—AUGUST 6. Make your check in favor of Little Falls Woolen Co. for invoice of July 15th, $409, less discount 5%.

Enter on the credit side of the cash book as follows: *$409* in Amount of Invoice column, amount of discount in Discount Allowed column, and amount of your check in Amount Paid column.

No. 11.—This note is received from W. B. Snow, in payment of balance due Aug. 1st.

Credit *W. B. Snow* in Accounts Receivable column of the journal. Make entry in the bill book, and write *Int.* over the number of days in the Time column.

No. 12.—Discount Snow's note at the Commercial Bank, and receive credit for the proceeds.

Find the interest on $536.88 for the full time, and add it to the face of the note; then find the discount to maturity on that amount. Enter in the Sundry column on both sides of the cash book. Credit *Interest* and *Bills Receivable;* debit *Discount.* Indorse the note in full to the Commercial Bank, and leave it at the bank, having the net proceeds credited in your bank pass book. Add the proceeds to your bank balance on the stub of the check book. If you have no bank, make the entry in your bank pass book, and place the note in Vouchers for Others.

No. 13.—This is what is known as a shipper's order. Bill the goods in the usual way, as follows: 4 pcs. Talbot flannel, 44, 40, 45, 47 yds. 2 pcs. storm serge, 48, 42 yds. 4 pcs. corduroy, 40½, 49, 47½, 39 yds. 2 pcs. surah silk, 43¾, 46¼ yds.

We find that the box of goods weighs 200 lbs. Fill out a freight receipt and have the freight agent sign it. Make a sight draft in favor of the Union National Bank for the amount of your bill, pin it to the bill of lading, and send it to the Union National Bank. (Place in Vouchers for Others.)

For various reasons, it is often desirable to make the collection of the purchase price before the goods are delivered to the customer. Such shipments by express are sent C. O. D., and by freight, subject to shipper's order. It is customary to collect in this manner when the credit of the customer is limited, or has not been fully investigated.

No. 14.—Invoice, Burke, FitzSimons, Hone & Co. Check the items, O. K. the bill, and paste it in the invoice book. Note the terms.

No. 15.—This check is in payment of invoice of July 28th, $550, less 2% discount. (Enter as in No. 8.)

No. 16.—Mr. Taylor wishes some money for his private use. Give him $200 in cash, and charge it to his private account. (Cash book, Sundry column.)

No. 17.—Pay freight to date, $46.25, in cash. (Cash book, Sundry column.)

No. 18.—AUGUST 8. This check is in full of account to Aug. 1st.

No. 19.—Deposit cash, $685, and checks on hand. Bank charges $2.00 for collection. Deduct amount of collection on the deposit ticket, and enter in the cash book.

No. 20.—Pay Sibley, Lindsay & Curr Co. for invoice of July 28th, $3200. Deduct 5% discount, and write a check for the net amount.

No. 21.—AUGUST 10. Cash sales. Perkins & Brown, 50 doz. Torchon lace. 40 gross smoked pearl buttons.

Carroll & Marsh, 1 piece whipcord, 50 yds. 1 piece plain French poplin, 40 yds.

Strong & Carlisle (check), 3 pieces black Venetian cloth, 36, 38, 40 yds. 2 pcs. broadcloth, 55, 59 yds.

No. 22.—AUGUST 11. Check received for invoice of July 15th, $122.44, less 1% discount.

No. 23.—Two pieces, 43 and 38 yds., of the French crepon received from Burke, FitzSimons, Hone & Co. on the 6th inst. are found to be damaged. Return the two pieces to them, billing at cost price. Write a letter and enclose the bill.

Enter in the journal, debiting *Burke, FitzSimons, Hone & Co.* in Accounts Payable column, and crediting *Merchandise Purchases* in the General column.

In this set merchandise returned by us will be credited to the Merchandise Purchases account, and goods returned to us charged to Merchandise Sales account. Sometimes it is desirable to open additional accounts; as, Merchandise Returned to Us and Merchandise Returned by Us.

No. 24.—AUGUST 12. This note is received on account. (Bills Receivable and Accounts Receivable columns in journal.)

No. 25.—Pay, by check, invoice of Gimbel Bros., July 15th, $1250, less 1%. (Enter as in No. 10.)

No. 26.—Cash sales. National Emporium, 5 pcs. wash silk, 47¼, 49½, 53, 54, 46¼ yds. 2 pcs. cashmere, 41, 39 yds.

Sherman & Co., 2 pcs. French crepon, 43, 37 yds. 6 pcs. #248 velveteen, 40, 45, 36, 38, 45, 46 yds.

No. 27.—AUGUST 13. Wamsutta Mills stock is selling to-day at $105 per share. The company has decided to purchase ten shares as an investment. Give a check for the amount of the stock, and place the stock certificate in the envelope for incoming vouchers. (Debit *Wamsutta Mills Stock* in Sundry column of cash book.)

No. 28.—Check received in payment of invoice of July 20th, $1540, less 1% discount.

No. 29.—The bank has collected your draft of the 1st inst. on W. O. Harrison, $750. Collection charges, 75¢.

Credit *W. O. Harrison* in the cash book for the full amount of the draft, and debit *Collection and Exchange*. Add the proceeds to your bank balance.

No. 30.—AUGUST 14. This check is for note and interest due to-day. Consult your bill book and mark the note paid. Credit *Interest* for the amount of interest paid.

No. 31.—Salesmen's orders. Bill the first three orders 6% 10 days, 5% 30 days; make the terms on Roberts' invoice net cash. Ship as follows:

Thompson & Bulkeley, Easton, 6 pcs. Fruit of Loom sheeting, 58, 60, 55, 64, 66, 58 yds. 8 pcs. Monument cotton, 54, 58, 68, 62, 55, 65, 63, 60 yds. 50 doz. Coates thread. 5 pcs. wash silk, 48½, 50¼, 52, 48¼, 55 yds.

James H. Wood & Son., Newton, 6 pcs. pique muslin, 68½, 66, 74, 75, 71, 70½ yds. 4 pcs. broadcloth, 57, 65, 66, 51 yds. 2 pcs. Creton plaid, 40, 42 yds. 25 doz. torchon lace.

Brown & Wilson, Troy, 5 pcs. sateen, 48½, 47¾, 50, 46¾, 50 yds. 5 pcs. Crown lining, 52, 58, 53, 55, 57 yds. 25 doz. Coates thread.

C. H. Roberts, Westboro, 3 pcs. kersey, 54 in., 45, 48, 43 yds. 20 gross smoked pearl buttons.

No. 32.—This invoice is for merchandise purchased of the Little Falls Woolen Co. Check the items, O. K. the bill, and paste it in the invoice book. Note the terms.

No. 33.—Mr. Wood withdraws $225 cash. Charge to his private account.

No. 34.—Pay Sibley, Lindsay & Curr Co., by check, for invoice of July 14th, $904.85, less 1% discount.

No. 35.—Deposit cash, $200, and all checks. Collection, $1.75.

No. 36.—AUGUST 15. Pay cash for office supplies, stamps, etc., $18.60. Clerk hire, $70. (Charge clerk hire to *Salaries & Help.*)

No. 37.—Invoice of merchandise from Sibley, Lindsay & Curr Co. (See instructions for No. 32.)

No. 38.—This check is for the net amount of invoice of July 16th.

No. 39.—Make your check in favor of Little Falls Woolen Co., for invoice of July 29th, $300, less 2% discount.

No. 40.—AUGUST 17. This remittance is for proceeds of the draft of the 6th inst. on Ingham & Case, sent to the Union National Bank for collection. Charges for collection, 50¢. (Credit *Ingham & Case* for the full amount, and debit *Collection and Exchange* for the collection.)

No. 41.—Cash sales. Geo. M. Walker, City, 50 gross smoked pearl buttons. 1 piece Duchess satin, 48 yds.

H. W. Johnson & Son, City, 1 piece plain French poplin, 50 yds. 1 piece Oxford gray homespun, 48 yds.

No. 42.—Pay freight in cash, $68.45.

No. 43.—AUGUST 18. Check received for note and interest due to-day. Consult bill book, and enter as in No. 30.

No. 44.—Invoice of merchandise purchased from Granite Mills. (See instructions for No. 32.)

No. 45.—This check is received on account. (No discount.)

No. 46.—Deposit all checks and drafts. Collection, $2.00.

No. 47.—Draw $100 in cash on your own private account.

No. 48.—Remit Burke, FitzSimons, Hone & Co. check in payment of invoice of July 22d, $2837.90, less 1% discount.

No. 49.—AUGUST 19. Pay freight in cash, $10.50.

No. 50.—W. O. Harrison is unable to settle his account at present, and it has been decided to take his note, with interest, for the balance due from him, $932.12. (Enter in Bills Receivable and Accounts Receivable columns of the journal.)

No. 51.—Pay cash for 1 ton hay and 5 bu. oats for stable, $13.50. (Debit *Expense*, Sundry column of cash book.)

No. 52.—AUGUST 20. Bill this order as follows; terms, 2% 10 days, 1% 30 days. 8 pcs. denim, 38¼, 39, 41½, 46, 35, 37¾, 35, 42 yds. 7 pcs. sateen, 48, 45, 46¾, 50, 49½, 51¾, 49 yds. 5 pcs. sheeting, 60, 62, 65, 55, 59 yds. 8 pcs. Crown lining, 52, 55, 54, 56, 60, 51, 58, 50 yds. 4 pcs. Duchess satin, 48½, 49¼, 52, 50 yds. 4 pcs. blue flannel, 50, 48, 49, 54 yds. 10 gross buttons.

No. 53.—Bill this order as follows; terms, 2% 10 days, 1% 30 days. 5 pcs. denim, 38½, 41, 42, 37½, 43 yds. 4 pcs. blue flannel, 51, 47, 55¾, 46¾ yds. 3 pcs. cashmere, 39, 41, 42 yds. 8 pcs. Fruit of Loom sheeting, 58, 60, 60, 61, 57, 63, 65, 55 yds. 7 pcs. pique muslin, 68, 72, 75, 70, 65, 68, 70 yds.

No. 54.—Give Sibley, Lindsay & Curr Co. your note at 20 days (no interest), $2500. (Enter in Accounts Payable and Bills Payable columns of the journal.)

No. 55.—Pay Granite Mills, by check, for invoice of July 21st, $904.85, less 5% discount.

No. 56.—Purchase of merchandise from Gimbel Bros. (See instructions for No. 32.)

No. 57.—AUGUST 21. One piece of kersey, 46½ yds., received on the 20th inst. from Gimbel Bros., is damaged. Return it, and render your bill for the same at cost price. (Enter as in No. 23.)

No. 58.—This check is from Warren & Co., to prepay their note of $325, less discount to maturity. Make entry in the Sundry column of the cash book. Mark the note prepaid in the bill book. (Debit *Discount.*)

No. 59.—Salesman's orders. Bill as follows; terms, 2% 10 days, 1% 30 days.

Brown & Wilson, Troy, 2 pcs. Talbot flannel, 45, 42¾ yds. 2 pcs. whipcord, 40½, 43¾ yds. 5 pcs. Monument cotton, 58, 63, 65, 60, 62 yds. 6 pcs. denim, 38, 43, 37, 44, 40, 36 yds.

Sibley & Co., Gardner, 2% 10 days, 1% 30 days, 6 pcs. Fruit of Loom sheeting, 60, 63, 55, 58, 65, 61 yds. 2 pcs. corduroy, 40, 34½ yds. 2 pcs. black Venetian cloth, 38, 33½ yds. 50 doz. Coates thread.

B. C. Wiley, Waverly, 6% 10 days, 5% 30 days, 3 pcs. Oxford gray homespun, 48, 50, 51¾ yds. 4 pcs. cashmere, 36, 38½, 42, 43½ yds. 7 pcs. Crown lining, 50, 54, 58, 52, 55, 51, 57 yds. 6 pcs. sateen, 45, 50, 49, 53, 48, 49 yds. 50 doz. lace.

No. 60.—AUGUST 22. Check received for invoice of July 21st, $466.42, less 5%.

No. 61.—Pay freight in cash, $24.87.

No. 62.—AUGUST 24. Note on account. (Enter in journal.)

No. 63.—Draw a sight draft on Brown & Wilson for invoice of July 15th, $504.11. Indorse the draft as in No. 2, and place in Vouchers for Others or leave at the bank for collection.

No. 64.—Make your check in favor of Little Falls Woolen Co., in full for note and interest due to-day. Write them a letter and enclose the check.

No. 65.—Remit Gimbel Bros. check for invoice of July 29th, $1293.80, less 5% discount.

No. 66.—AUGUST 25. Salesman's orders. Carlton, Sons & Co., Dansville, 2% 10 days, 1% 30 days, 2 pcs. broadcloth, 60, 58 yds. 4 pcs. Creton plaid, 37, 39½, 41, 38 yds. 5 pcs. sateen, 47, 51, 48, 49, 46 yds. 3 pcs. black Venetian cloth, 48½, 35½, 34 yds. 100 gross buttons.

L. H. Parker, Lima, 30 days net, 2 pcs. whipcord, 40, 42 yds. 6 pcs. Fruit of Loom sheeting, 56, 64, 58, 62, 59, 62 yds. 5 pcs. Monument cotton, 58, 59, 57, 62, 60 yds. 8 pcs. pique muslin, 70, 72, 65, 75, 69, 73, 66, 68 yds. 1 piece broadcloth, 60 yds.

W. B. Snow, Akron, 2% 10 days, 1% 30 days, 6 pcs. wash silk, 47¾, 48, 46½, 49, 53¼, 55 yds. 3 pcs. surah silk, 47¼, 49¾, 52 yds. 3 pcs. corduroy, 36, 38, 37 yds. 6 pcs. Crown lining, 52, 56¼, 55¼, 57, 50, 54 yds.

Levy & Garson, Somersworth, 6% 10 days, 5% 30 days, 90 gross buttons. 40 doz. thread. 2 pcs. plain French poplin, 48, 42 yds. 1 piece kersey, 40 yds.

No. 67.—Invoice of merchandise purchased of Sibley, Lindsay & Curr Co.

No. 68.—AUGUST 26. Discount Chase's note received on the 24th inst. Indorse the note in full to the Commercial Bank, and leave it at the bank, having the net proceeds credited in your bank pass book. Add the proceeds to your bank balance on the stub of the check book. (Debit *Discount.*)

No. 69.—Remit Gimbel Bros. your note at 30 days for $2000, to apply on account. (No interest.)

No. 70.—Purchase of merchandise from Little Falls Woolen Co.

No. 71.—AUGUST 28. Receive credit at the bank for draft on Brown & Wilson, $504.11, left for collection Aug. 24th. Collection charges, 50¢.

Add the proceeds to your bank balance. Credit *Brown & Wilson;* debit *Collection and Exchange.*

No. 72.—Fill the following telephone order received from Harris & Smith, City. Terms, 2% 10 days, 1% 30 days. 4 pcs. Talbot flannel, 44, 45½, 45, 43 yds. 3 pcs. velveteen, 36, 32, 38¼ yds. 2 pcs. unbleached cotton, 60, 62 yds. 3 pcs. Fruit of Loom sheeting, 61, 60, 60½ yds. 25 gross smoked pearl buttons.

No. 73.—AUGUST 30. Carlton, Sons & Co., Dansville, return, for credit, the goods as per their bill.

When returned goods have been duly accepted, it is customary to send what is called a credit memorandum. Send Carlton, Sons & Co. a credit memorandum for these goods. (Enter in General and Accounts Receivable columns of journal.)

FORM OF CREDIT MEMORANDUM.

New York, Aug. 19, 1900.

Memorandum of Amount placed to the

CREDIT

Of Taylor, Wood & Co.

By The H. B. CLAFLIN CO.

2	pcs. Blk. Cashmere, 90 yds.	.75		67	50

A credit memorandum is usually printed in red.

No. 74.—This check is received on account.

No. 75.—Cash sale. W. E. Dennis & Co., City (check), 1 piece storm serge, 48 yds. 4 pcs. velveteen, 38, 36, 37, 39 yds. 2 pcs. French crepon, 40, 38 yds. 2 pcs. cashmere, 41, 37 yds. 1 piece surah silk, 48 yds. 3 pcs. wash silk, 49, 56, 45 yds.

No. 76.—Deposit all checks. Collection, $1.50.

No. 77.—AUGUST 31. Pay freight, $12.82, by check.

No. 78.—Pay cash for horse-shoeing and repairs on wagon, $5.43. (Debit *Expense.*)

No. 79.—Pay Judson's salary for August, $150, by check. (Debit *Traveling Expenses.*)

No. 80.—Pay clerk hire, $114.50, in cash. (Debit *Salaries & Help.*)

No. 81.—(Student) draws by check on private account, $100.

THE BALANCE LEDGER.

In this month's work you will use what is known as the balance ledger for the posting of accounts receivable and accounts payable. The following is a form of this ledger.

WARNER, DEFOREST & CO.,

Amsterdam, N. Y.

Date.		Description.	Terms.	Fol.	Debit.		Balance.		Credit.		Date.		Fol.	Explanation.
July	1	Bal.	J	1	812	70	1		1 812	70	July	10	12	C
	9	S. B.	5% 10 ds.	7	215	70	2		2 215	70		19	14	C
	14	"	2/10 Net 30	9	168	70	4		3 210	25		21	14	C
	18	"	" "	11	415	60	5		4 168	70		23	16	C
	20	"	Net 60 ds.	12	388	70			5 415	60		28	18	Note 4 mos. Int.
	20	"	2/10	12	412	10	6		6 412	10		30	18	C
	21	"	Cash	13	210	25	3							
	26	"	Net 30 ds.	14	160	40		549 10						

The first column at the left is the ordinary Date column. The narrow column following, marked "Description," indicates the book from which the posting is taken. In the Terms column following should be written the terms of sale. The Folio column shows the page of the book indicated in the Description column. The Debit column follows. In the center of the ledger page is a column for balances. Next to this comes the Credit column, followed by the Date and Folio columns, and an Explanation column, which may contain the letters indicating the book from which the credit posting is made; or, if it be a purchase, this column may contain the terms, or in fact any description the entry may make advisable. The balance of the account, when a trial balance is taken, should be placed in the Balance column at the center of the page. The Debit and Credit columns opposite each other will show readily when any particular bill has been paid, and in case a bill is paid in full, instead of ruling the ledger account, it is better to write a small figure opposite each of the accounts which balance (see model above). In this way a mere glance at a ledger account shows what bills remain unpaid, and frequently saves a large amount of work in taking the balance of that account.

This form of ledger is largely in use in business houses which keep a large number of personal accounts, as it enables the bookkeeper to make a statement of any personal account with very little extra labor.

DIRECTIONS FOR POSTING.

In this month's transactions you have three ledgers—the main ledger, the sales ledger, and the purchase ledger. In the main ledger, under the head of Accounts Receivable, you have an abstract of the sales ledger, and under the head of Accounts Payable, you have an abstract of the purchase ledger.

POSTING THE JOURNAL.

The journal, in this month's transactions, contains special columns on the debit side for Accounts Payable and Bills Receivable. Post the footing of Accounts Payable column on the debit side of the journal to the debit of Accounts Payable in the main ledger. Post the footing of Bills Receivable column on the debit side of the journal to the debit of Bills Receivable in the main ledger. Check off each bill receivable in the Folio column of the journal, as all these items are posted at once when the footing of the column is carried to the debit of Bills Receivable in the main ledger.

Post each individual account on the debit side of the journal to the person or firm named in the purchase ledger. The total debit of accounts in the purchase ledger will agree with the footing of Accounts Payable column of the journal.

Post all accounts found in the General column on the debit side of the journal as in the ordinary posting of the journal in previous sets. These accounts will be found in the main ledger.

The credit side of the journal contains special columns for Accounts Receivable and Bills Payable. The footing of the Accounts Receivable column is posted to the credit of Accounts Receivable in the main ledger. The footing of the Bills Payable column is posted to the credit of Bills Payable in the main ledger. Check off each bill payable in the Folio column of the journal, as all these items are posted at once when the footing of the column is carried to the credit of Bills Payable in the main ledger.

Post each individual account to the person or firm named in the sales ledger. The total credit footing of the sales ledger will agree with the footing of Accounts Receivable column of the journal.

The accounts found in the General column are posted as usual.

Carry into the General column of your journal the footings of Accounts Payable and Bills Receivable columns on the debit side, and foot the General column. Carry into the General column the footings of Accounts Receivable and Bills Payable columns on the credit side, and foot the General column. The debit and credit footings should of course be alike.

POSTING THE SALES BOOK.

Post from your sales book all items sold on account to the debit of the proper accounts in the sales ledger. Post the total footing of the last column of the sales book to the credit of Merchandise Sales and to the debit of Accounts Receivable in the main ledger.

POSTING THE CASH BOOK.

The cash book contains, on the debit side, special columns as follows: Amount of Invoice, Discount Allowed, Amount Received, Merchandise, Sundry.

When a customer pays cash on account, the amount of the bill settled is placed in the Amount of Invoice column; whatever discount is allowed upon it is placed in the Discount Allowed column; the net amount of the check, or of cash received, is placed in the Amount Received column. The Merchandise column contains all cash sales of merchandise, and the Sundry column contains such accounts as are not otherwise classified.

In posting, the amounts in the Amount of Invoice column are carried to the credit of the accounts named in the sales ledger, and at the end of the month the footing of this column is carried into the Sundry column of the cash book and posted to the credit of Accounts Receivable in the main ledger.

At the end of the month the footing of the Discount Allowed column is carried to the opposite side of the cash book into the Sundry column, and from that place it is posted to the debit of Discount on Sales in the main ledger.

The Amount Received column is not posted, but should be footed, and its footing added to the Discount Allowed column should equal the footing of the Amount of Invoice column.

The footing of the Merchandise column should be carried into the Sundry column and posted to the credit of Merchandise Sales in the main ledger.

The amounts in the Sundry column should be posted in the usual manner to the accounts named in the main ledger.

The credit side of the cash book contains special columns as follows: Amount of Invoice, Discount Allowed, Amount Paid, Collection and Exchange, Sundry.

When you pay for a purchase, the face of the bill is placed in the Amount of Invoice column; whatever discount was allowed you in the Discount Allowed column; the net amount of the check in the Amount Paid column. All other amounts, except Collection and Exchange, are placed in the Sundry column.

In posting, each amount in the Amount of Invoice column is carried to the debit of the account named in the purchase ledger, and at the end of the month the total footing of the Amount of Invoice column is carried into the Sundry column, and thence posted to the debit of Accounts Payable in the main ledger.

The footing of the Discount Allowed column is carried to the opposite side of the cash book into the Sundry column, and thence posted to the credit of Discount on Purchases in the main ledger.

The footing of the Amount Paid column is not to be posted, but should be added to the footing of the Discount Allowed column, and their sum should equal the footing of the Amount of Invoice column.

The Collection and Exchange column should be footed, the amount carried into the Sundry column, and thence posted to Collection and Exchange in the main ledger.

The items in the Sundry column should be posted to the accounts named in the main ledger.

POSTING THE INVOICE BOOK.

The invoice book should be posted as usual, the items being carried to the credit of the accounts named in the purchase ledger, and the total footing of the book carried to the debit of Merchandise Purchases and to the credit of Accounts Payable in the main ledger.

Having posted your books, check back each item, and be sure that you have posted the footings of the special columns in the journal to the accounts named in the main ledger. See that you have posted the special columns of the cash book to the accounts named in

INVENTORIES, AUGUST 31, 190–.

Resources.

	Merchandise.							
47	pcs. Amoskeag Denim,	1919[5] yds.	.10					
24	" Black Venetian,	860[1] "	1.10					
28	" Blue Flannel,	1403[2] "	.20					
15	" Broadcloth,	904 "	3.25					
16	" Creton Plaid,	665[5] "	.11					
174	" Crown Lining,	9425[2] "	.06					
24	" Corduroy,	856[3] "	.60					
34	" Cashmere,	1410 "	.48					
235	doz. Coates Thread,		.37½					
25	pcs. Duchess Satin,	1255 "	1.65					
266	" F. of L. Sheeting,	15954[2] "	.07					
16	" French Crepon,	598 "	1.50					
33	" 54-in. Kersey,	1519[1] "	.99					
125	" Monument Cotton,	7482[2] "	.05¾					
17	" Ox. Gray Homespun,	855[1] "	.90					
37	" Plain French Poplin,	1665[2] "	.92					
179	" Pique Muslin,	12529 "	.12½					
82	" Sateen,	4027 "	.08					
625	gross Smoked Pearl Buttons,		.50					
41	pcs. Surah Silk,	2105 "	.44					
34	" Storm Serge,	1570 "	.60					
90	" Talbot Flannel,	3979[3] "	.23					
540	doz. Torchon Lace,		.60					
32	pcs. Velveteen,	1180[3] "	.24					
31	" Whipcord,	1310[3] "	.80					
76	" Wash Silk,	3954[3] "	.45					
	Furniture & fix., cost,				2600			
	Depreciation,				26		2574	
	Horses, wagons and harnesses, cost,				750			
	Depreciation,				7	50	742	50
	Insurance,						267	50
	Real estate,						12250	
	Wamsutta Mills Stock,						1150	
	Rent due on flat,						100	
	Interest (accrued),						12	75
	Liability.							
	Interest (accrued),						171	67

the main ledger, and that each item in the Sundry column has been posted to the account named. See that the footing of the last column of the sales book has been carried to the credit of Merchandise Sales and to the debit of Accounts Receivable in the main ledger, and that the footing of the invoice book has been carried to the debit of Merchandise Purchases and to the credit of Accounts Payable in the main ledger.

Foot your cash book and write the balance, in red ink, on the credit side. See that the amount in the bank agrees with your check book balance, and the amount in the safe agrees with the cash in your Cash Drawer.

Make a statement of the balances of accounts in the sales ledger, and see that the footing is the same as the balance of Accounts Receivable in the main ledger.

Make a statement of the balances in the purchase ledger, and see that the footing is the same as the balance of Accounts Payable in the main ledger.

Take a trial balance of the main ledger, and in this trial balance include the balance of cash, as shown by your cash book.

Present your trial balance to your teacher for examination.

It is desired to make a statement of losses and gains, in order to determine whether the business is being so conducted as to yield a satisfactory profit.

The inventory of unsold merchandise has been taken, and it is found that you have on hand the list of merchandise given on page 182.

The furniture and fixtures of the business, which cost $2600, have depreciated 1% in value.

The horses, wagons and harnesses, which cost $750, show an equal depreciation.

The unexpired policies of insurance are estimated to be worth $267.50, while real estate has advanced in value, so that it is estimated to be worth $12250.

Wamsutta Mills stock is now selling at 115.

There is due for rent on your real estate $100.

Interest accrued on bills receivable, $12.75. Interest due on bills payable, $171.67.

Find the value of your unsold merchandise and all other property, and make a statement of losses and gains according to the following model.

In the third section of the model statement of losses and gains, after the gain from business has been shown as usual in the first two sections, we have on the credit side the items of real estate, Wamsutta Mills stock, and rent, which have no connection with the dry goods business. Add the gain from these items to the gain from the business brought down, and close this section of the loss and gain statement, by writing, in red ink, on the opposite side: *Total gain from partnership carried down.* Foot and rule this section and bring down the total gain from partnership on the opposite side.

In the fourth section of this statement we have the items of interest and salaries on the debit side. The interest due the partners is found as follows:

H. W. Taylor invested, August 1st, $15800, and is entitled to interest on this amount for 31 days, $8x.x3. He also has in the business a private balance of $400. The interest on this amount for 31 days is $2.x7, making a total credit interest of $8x.xo. Against this amount Taylor is charged with interest on a withdrawal of $200, under date of August 6th. The interest on $200 for 25 days, the time he had it out from the business, is 8x¢, and this amount deducted from $83.70 leaves a credit interest balance of $8x.x7, which you will write opposite the name of H. W. Taylor in the third section of the loss and gain statement.

The following shows the statement of H. W. Taylor's interest account.

H. W. Taylor.

Interest on withdrawal of Aug. 6, $200, 25 days,		83	Interest, 31 days, on investment, $15800,	81	63
* Balance, Cr.,	82	87	Interest, 31 days, on private ac, $400,	2	07
	83	70		83	70

* To be written in red ink.

STATEMENT OF LOSSES AND

		Mdse. on hand at close of July,		22480			
		" purchased during August,		3200			
				25680	00		
		Less goods returned,		225	75	25454	25
		Freight,				125	75
*		Gain on mdse. carried down,				1950	12
						27530	12
		Interest due on bills payable,	165.50				
		" " " receivable,	15.20	150	30		
		Less credit balance of Int. % in ledger,		112	20	38	10
		Discount,				12	40
		Salaries and Help,				175	
		Discount on Sales,				210	50
		Traveling Expenses,				325	
		Expense,				329	45
		Collection & Exchange,				7	45
		Insurance, cost,		240			
		" unexpired,		220		20	
		Depreciation as under:					
		Furniture,				25	
		Horses, wagons and harnesses,				7	
*		Gain from business carried down,				1089	92
						2239	82
*		Total gain of partnership carried down,				1389	92
						1389	92
*		Interest due partners as under:					
*		A. B. Dane,		72	30		
*		C. E. Freedman,		65	20		
*		G. H. Irving,		8	10	145	60
*		Salaries due partners as under:					
*		A. B. Dane,		125			
*		C. E. Freedman,		150			
*		G. H. Irving,		175		450	
*		Each partner's net gain as under:					
*		A. B. Dane,		264	78		
*		C. E. Freedman,		264	77		
*		G. H. Irving,		264	77	794	32
						1389	92

*To be written in red ink.

C. F. Wood invested $23911.94. This amount has been in the business 31 days, and he is entitled to 31 days' interest, $1xx.x5. He also had in the business a balance of $550 due him on his private account, which is entitled to interest for 31 days, amounting to $2.x4, making a total interest credit due C. F. Wood of $12x.x9.

On August 14th, Wood drew from the business $225, and he is charged with interest on this amount for the time he took it from the business, or 17 days, which is 6x¢. Deducting this amount from $126.39, C. F. Wood's interest credit, we have $12x.x5, the balance of interest due C. F. Wood. Write this amount in the third section of the loss and gain statement against the name of C. F. Wood.

GAINS, AUGUST 31, 190–.

		Mdse. sales during August,		7560	80		
		Less goods returned,		240	80	7320	
		Mdse. on hand, as per inventory,				20210	12
						27530	12
		Gain on mdse. brought down,				1950	12
		Discount on purchases,				289	70
						2239	82
		Gain from business brought down,				1089	92
		Real Estate,	increase in value of flat,			150	
		Wamsutta Mills Stock,	" " "			50	
		Rent,	due from flat,			100	
						1389	92
		Total gain from partnership brought down,				1389	92
						1389	92

The following shows the statement of C. F. Wood's interest account.

C. F. WOOD.

Interest on withdrawal, Aug. 14, $225, 17 days,			64	Interest, 31 days, on investment, $23911.94,	123	55
* Balance, Cr.,	125	75		Interest, 31 days, on private %, $550,	2	84
	126	39			126	39

You invested $2500, and should be credited with 31 days' interest on this amount, $1x.x2; but you drew from the business, August 18th, $100, and the interest on this amount for 13 days is 2x¢, which deducted from $12.92 leaves you a credit balance of interest amounting to $1x.xo, which you will place opposite your own name in the third section of the loss and gain statement.

The following shows the statement of your own interest account.

STUDENT.

Interest on withdrawal of Aug. 18, $100, 13 days,			22	Interest, 31 ds., on investment, $2500.00,	12	92
* Balance, Cr.,	12	70				
	12	92			12	92

* To be written in red ink.

CLOSING THE LOSS AND GAIN ACCOUNTS.

Close all accounts which indicate losses or gains in the main ledger, by writing, in red ink, *Loss* or *Gain* on the smaller side, and transfer to the Loss and Gain account. Close the Loss and Gain account, by writing *Balance carried down*, in red ink, on the smaller side. Rule and foot the account. Transfer the balance to the opposite side of the Loss and Gain account, writing *Brought down* in the explanation column.

On the debit side of the Loss and Gain account write, in red ink, H. W. Taylor's interest, C. F. Wood's interest, and your own interest, taking the amounts from the fourth section of the statement of losses and gains. Also write, in red ink, H. W. Taylor's salary, C. F. Wood's salary, and your own salary, taking the amounts from the fourth section of the statement of losses and gains. Also in red ink, H. W. Taylor's gain, C. F. Wood's gain, and your own gain, taking the amounts from the fourth section of the loss and gain statement. This should close the Loss and Gain account.

Transfer the interest, salary, and loss and gain of each partner to his private account in the main ledger, writing each item in black ink. Close these private accounts, by writing *Balance*, in red ink, on the debit side. Foot, rule, and bring down each balance on the opposite side of the account.

Present your books to your teacher for inspection.

WORK FOR THE STUDENT.

SEPTEMBER 1, 190–.

No. 82.—SEPT. 1. This check is in payment of note dated June 1st, with interest, (see bill book).

Take the note from your Cash Drawer, and if the interest is correct, mark the note paid, and place it in Vouchers for Others. (Enter as in No. 30.)

No. 83.—Salesman's orders. Jas. H. Wood & Son, Newton, 2% 10 ds., 1% 30 ds., 6 pcs. F. of L. sheeting, 58, 65, 61, 57, 59, 63½ yds. 3 pcs. corduroy, 39, 36, 38¾ yds. 7 pcs. pique muslin, 72, 69, 71, 75, 65, 68, 70 yds. 4 pcs. blue flannel, 48½, 50, 52, 51 yds. 50 doz. lace. 1 piece whipcord, 42 yds.

Thompson & Bulkeley, Easton, 6% 10 ds., 5% 30 ds., 3 pcs. black Venetian, 37, 40, 36 yds. 8 pcs. Am. denim, 40, 44, 37, 39, 42, 45, 35, 46 yds. 3 pcs. kersey, 44, 46¼, 45½ yds. 4 pcs. French crepon, 36, 40, 42, 38 yds. 5 pcs. blue flannel, 55, 46, 48, 51, 47 yds. 6 pcs. wash silk, 51½, 50¾, 46¼, 45½, 54, 53 yds. 50 doz. C. thread.

Sibley & Co., Gardner, 2% 10 ds., 1% 30 ds., 4 pcs. Ox. gray homespun, 48, 47, 55, 50½ yds. 8 pcs. unb. cotton, 60, 65, 57, 58, 62, 64, 57, 61 yds. 7 pcs. C. lining, 52, 56, 55, 53, 54, 60, 50 yds. 2 pcs. Duchess satin, 48, 58½ yds. 50 gross S. P. buttons. 25 doz. lace. 5 pcs. surah silk, 51, 53¼, 45, 52, 51½ yds.

No. 84.—SEPT. 1. Send Judson, the traveling salesman, as per his request, check for $75 for traveling expenses.

No. 85.—SEPT. 2. Received cash for rent of flat, #74 Center St., August and September, $200. (Credit *Rent.*)

No. 86.—Check received from Levy & Garson for invoice of August 25th, less 6%.

No. 87.—Invoice of merchandise purchased from Burke, FitzSimons, Hone & Co.

No. 88.—Pay invoice Burke, FitzSimons, Hone & Co., due to-day, as follows: Deduct from the amount of the invoice the charge for goods returned on Aug. 11th, as per ledger, and from this amount deduct 1%, as per terms of bill. Write a check for the net amount.

No. 89.—SEPT. 3. Ingham & Case owe a small balance which has been running a long time, and it is not advisable to sell them more goods on account. Bill the order as follows: 3 pcs. black Venetian, 39½, 36½, 36 yds. 50 gross buttons. 2 pcs. broadcloth, 54, 58 yds. 1 piece plain French poplin, 50 yds.

Prepare bill of lading, the box weighing 175 lbs. when ready for shipment, and have the freight agent sign it. Make a sight draft, allowing 6% discount from the amount of the invoice. Deduct the discount on the invoice, and enter the net amount only in the sales book. Send the draft and bill of lading to Union National Bank, Elmira, for collection.

No. 90.—Bill this order as follows; terms, 30 days net. 2 pcs. kersey, 45, 55 yds. 3 pcs. storm serge, 55, 45, 50 yds. 6 pcs. velveteen, 40, 38, 42, 39, 45, 44 yds. 3 pcs. surah silk, 60, 41, 49 yds. 5 pcs. wash silk, 52, 48¾, 47¼, 49½, 50½ yds. 100 doz. thread.

No. 91.—Check to apply on account.

No. 92.—SEPT 5. Cash sale. Weston & Hill, City, (check) 3 pcs. cashmere, 42, 37, 39 yds. 40 doz. torchon lace. 3 pcs. French crepon, 35, 38, 45 yds. 1 piece whipcord, 40 yds.

No. 93.—Deposit all checks. Bank charges for collection, 75¢.

No. 94.—Bill this order as follows; terms, 6% 10 ds., 5% 30 ds. 1 piece kersey, 40 yds. 2 pcs. black Venetian, 37, 33 yds. 1 piece broadcloth, 70 yds. 40 doz. thread.

No. 95.—SEPT. 6. Purchase of merchandise from Burke, FitzSimons, Hone & Co.

No. 96.—Pay Little Falls Woolen Co., by check, for invoice of Aug. 12th, $163.22, less 1%.

No. 97.—This check is on account.

No. 98.—SEPT. 7. Check in full for invoice of July 25th.

No. 99.—Salesman's orders. B. C. Wiley, Waverly, 2% 10 ds., 1% 30 ds., 5 pcs. wash silk, 45, 53, 49½, 54¼, 50 yds. 6 pcs. sateen, 45, 49, 50½, 47¾, 48, 47 yds. 2 pcs. corduroy, 35, 40 yds. 5 pcs. C. lining, 56, 60, 51, 53, 50 yds. 2 pcs. black Venetian, 35, 38½ yds. 1 piece broadcloth, 64 yds. 4 pcs. Talbot flannel, 40, 48, 44, 43½ yds.

Carlton, Sons & Co., Dansville, 6% 10 ds., 5% 30 ds., 8 pcs. F. of L. sheeting, 62, 65, 68, 55, 58, 53, 60, 62 yds. 7 pcs. M. cotton, 65, 58, 55, 63, 59, 60, 50 yds. 3 pcs. Talbot flannel, 42¼, 45¾, 43 yds. 8 pcs. C. lining, 49, 50, 60, 54, 53, 51, 55, 57 yds. 5 pcs. pique muslin, 75, 72, 68, 66, 71 yds. 6 pcs. Am. denim, 41, 43, 38, 45, 35, 50 yds. 2 pcs. blue flannel, 48, 52 yds. 4 pcs. velveteen, 37, 39, 36, 35 yds.

L. H. Parker, Lima, 6% 10 ds., 5% 30 ds., 3 pcs. storm serge, 44, 47¾, 48¼ yds. 5 pcs. velveteen, 39, 36½, 38½, 40, 30½ yds. 4 pcs. kersey, 48, 44, 45, 46¾ yds. 3 pcs. surah silk, 45, 54, 41 yds. 50 doz. Coates thread.

No. 100.—Return to Burke, FitzSimons, Hone & Co., Boston, 1 piece broadcloth, 62¾ yds., 1 piece Oxford gray homespun, 51 yds., received on last invoice, as they are somewhat damaged. Bill the goods at cost price, and charge in the journal.

No. 101.—Check for note due to-day. (See No. 82.)

No. 102.—SEPT. 8. Invoice of merchandise purchased from Sibley, Lindsay & Curr Co.

No. 103.—Write check, favor of Sibley, Lindsay & Curr Co., for note due to-morrow. Take the note from Bills Payable File and mark it paid.

No. 104.—SEPT. 9. Mr. Taylor draws $200 from the business by check.

No. 105.—Note to apply on account.

No. 106.—Received notice from your bank that the draft of 3d inst. on Ingham & Case has been paid. Collection, 70¢. (Do not forget to debit *Collection & Exchange* for collection.)

No. 107.—SEPT. 10. L. H. Parker, Lima, returns for credit, by agreement at time of order, the three pieces of storm serge and the three pieces of surah silk sold him on the 7th inst.

Send L. H. Parker a credit memorandum for the amount. Enter in the journal.

No. 108.—Mr. Wood draws, by check, on private account, $250.

No. 109.—SEPT. 12. Cash sales. T. D. Winch, City, 2 pcs. Duchess satin, 49, 53 yds. 1 piece cashmere, 40 yds.

Allen & Co., City, 2 pcs. Ox. gray homespun, 47½, 54½ yds. 1 piece French crepon, 40 yds.

No. 110.—Deposit $300 currency and all checks. Collection charges, $1.25.

No. 111.—In reply to a letter from Sibley, Lindsay & Curr Co., asking for a settlement of their invoice of July 31st, make out a check for the amount, $4484.23, and mail it to them.

No. 112.—Ingham & Case have paid no attention to letters from Mr. Taylor regarding the settlement of their account.

You will now make a sight draft on Ingham & Case for $66.35. Leave it at the Commercial Bank for collection. Remember to indorse the draft properly. Write in pencil, under their account in the ledger, *Sight draft, Sept. 12.*

No. 113.—SEPT. 13. Check for invoice of Sept. 5th, less 6%.

No. 114.—Pay cash for stamps and office supplies, $10.00.

No. 115.—Check to apply on account.

No. 116.—SEPT. 14. Draw on your own private account, $150.00, by check.

No. 117.—Purchase of merchandise from Gimbel Bros.

No. 118.—Salesman's orders. J. G. Smith, Ottawa, 6% 10 ds., 5% 30 ds., 5 pcs. surah silk, 50, 60, 46, 48, 40 yds. 5 pcs. wash silk, 60, 45, 49, 48, 52 yds. 3 pcs. Duchess satin, 47, 51, 52 yds. 7 pcs. velveteen, 48, 36, 29, 33, 38, 37, 33 yds. 5 pcs. storm serge, 50, 49, 45, 44, 56 yds. 3 pcs. Ox. gray homespun, 44, 52, 54 yds.

Lewis W. Chase, Jackson, 2% 10 ds., 1% 30 ds., 5 pcs. Creton plaid, 36, 42, 44, 41, 39 yds. 8 pcs. M. cotton, 60, 62, 55, 65, 68, 49, 70, 53 yds. 7 pcs. F. of L. sheeting, 62, 64, 59, 57, 65, 55, 58 yds. 4 pcs. sateen, 46, 52, 50, 48 yds. 3 pcs. Talbot flannel, 48, 40, 45 yds. 8 pcs. C. lining, 54, 51, 60, 50, 55, 53, 52, 56 yds. 4 pcs. French crepon, 42, 36, 38, 37 yds. 50 doz. Coates thread.

Levy & Garson, Somersworth, 2% 10 ds., 1% 30 ds., 3 pcs. plain French poplin, 48, 53, 49 yds. 5 pcs. Talbot flannel, 40, 46, 44, 50, 42 yds. 2 pcs. whipcord, 42, 38 yds. 6 pcs. corduroy, 39, 32, 37, 40, 33, 41 yds. 80 doz. torchon lace. 150 gross S. P. buttons.

No. 119.—Pay Granite Mills, by check, for invoice due to-day, less 1%.

No. 120.—Return to Gimbel Bros. 1 piece, 32 yds., French crepon. (Enter in journal, billing at cost price.)

No. 121.—SEPT. 16. Cash sales. E. H. Marcy & Co., 2 pcs. Duchess satin, 47¼, 52¾ yds. 2 pcs. Ox. gray homespun, 47, 53 yds.

Wallace Bros. (check), 1 piece whipcord, 50 yds. 1 piece surah silk, 48 yds. 1 piece storm serge, 48 yds. 50 doz. torchon lace.

No. 122.—Pay cash, salaries and help, $75.

No. 123.—Pay freight in cash, $30.

No. 124.—SEPT. 17. This check is for note and interest due to-day. (Credit *Interest.*)

No. 125.—Deposit all checks. Collection, $2.00.

No. 126.—The bank informed you, at time of above deposit, that your draft of the 12th inst. on Ingham & Case has been returned unpaid. No reason assigned.

Write in lead-pencil, under their account in your ledger, *9/7, draft returned.*

No. 127.—SEPT. 19. Invoice of merchandise purchased of Little Falls Woolen Co.

No. 128.—Pay rent for September, $300, by check.

No. 129.—SEPT. 20. You have outstanding an interest-bearing note, due to-day, and the bank has agreed to renew one-half of the amount for 10 days.

Make your note at 10 days (with interest), in favor of the Commercial Bank, $5000. Receive credit for the face of the note. Enter in the bill book, and add to your deposit on stub of the check book.

No. 130.—Write a check, in favor of the Commercial Bank, in full for the old note as above and four months' interest. This is your first "renewal," and you should study the transaction carefully.

No. 131.—Check to apply on account.

No. 132.—SEPT. 21. Note received on account.

No. 133.—Discount the note received from L. W. Chase, and receive credit for the proceeds.

No. 134.—Salesman's orders. James H. Wood & Son, Newton, 2% 10 ds., 1% 30 ds., 3 pcs. surah silk, 48, 51, 53 yds. 25 doz. Coates thread. 1 piece plain French poplin, 45 yds. 5 pcs. C. lining, 50, 60, 54, 51, 53 yds. 2 pcs. Talbot flannel, 44, 45 yds. 2 pcs. corduroy, 37, 38 yds.

Thompson & Bulkeley, Easton, 6% 10 ds., 5% 30 ds., 4 pcs. blue flannel, 45, 54, 50, 51 yds. 2 pcs. Creton plaid, 44, 36 yds. 5 pcs. P. F. poplin, 40, 48, 50, 47, 40 yds. 6 pcs. pique muslin, 68, 75, 67, 70, 74, 66 yds. 3 pcs. sateen, 49, 50, 47 yds. 2 pcs. velveteen, 37, 36 yds.

Sibley & Co., Gardner, 1 piece broadcloth, 60 yds. 5 pcs. M. cotton, 55, 58, 65, 62, 60 yds. 2 pcs. black Venetian, 36, 34 yds. 6 pcs. pique muslin, 68, 75, 70, 73, 69, 67 yds. 5 pcs. sateen, 48, 51, 49, 52, 50 yds. 1 piece storm serge, 45 yds.

Brown & Wilson, Troy, 7 pcs. Am. denim, 35, 38, 42, 45, 37, 43, 40 yds. 3 pcs. cashmere, 44, 36, 42 yds. 2 pcs. Duchess satin, 49, 52 yds. 6 pcs. F. of L. sheeting, 58, 55, 70, 52, 56, 68 yds. 5 pcs. C. lining, 52, 55, 54, 50, 56 yds. 50 gross S. P. buttons.

No. 135.—SEPT. 22. Check received on account.

No. 136.—Deposit the two checks on hand. Collection, 75¢.

No. 137.—SEPT. 23. Mr. Taylor draws cash, $50, on private account.

No. 138.—Check to apply on account.

No. 139.—Merchandise purchased of Sibley, Lindsay & Curr Co.

No. 140.—Invoice of mdse. purchased of Burke, FitzSimons, Hone & Co.

No. 141.—SEPT. 24. Pay freight in cash, $75.28.

No. 142.—Check for invoice of 14th inst., less 6% discount.

No. 143.—Pay Burke, FitzSimons, Hone & Co., by check, for invoice of Aug. 31st., less 5%.

No. 144.—SEPT. 26. Bill this order as follows; terms, 2% 10 ds., 1% 30 ds. 5 pcs. velveteen, 37, 35, 40, 38, 36 yds. 3 pcs. A. denim, 42, 39, 41 yds. 2 pcs. blue flannel, 53, 48 yds. 3 pcs. black Venetian, 39, 35, 38 yds. 1 piece Duchess satin, 50 yds. 4 pcs. pique muslin, 68, 72, 65, 69 yds.

No. 145.—Give Gimbel Bros. check for note due yesterday.

When notes or other obligations mature on Sunday, it is customary to pay them the following day.

No. 146.—Check in payment of invoice of 14th inst., less 2%.

No. 147.—SEPT. 27. Bill this order as follows; terms, 6% 10 days, 5% 30 days. 6 pcs. F. of L. sheeting, 58, 62, 65, 60, 55, 60 yds. 6 pcs. M. cotton, 62, 58, 65, 60, 62, 61 yds. 2 pcs. plain French poplin, 45, 47 yds. 2 pcs. corduroy, 35, 38 yds. 100 gross S. P. buttons. 50 doz. Coates thread. 50 doz. torchon lace.

No. 148.—Check for $5000. By consent of the partners, Mr. Taylor has arranged to borrow the sum of five thousand dollars of Mr. Darius D. Miner, giving him the note

of the Company, payable on demand, and secured by first mortgage on the flat at #74 Center St.

Make a note favor of Darius D. Miner, payable on demand, with interest, 6%. Enter in cash book and record in bill book.

No. 149.—Deposit all checks. Collection and exchange, $2.00.

No. 150.—SEPT. 28. Pay grain and feed bills in cash, $16.75.

No. 151.—Pay cash for salaries and help, $100.

No. 152.—Pay cash for telephone service, $15.

No. 153.—SEPT. 30. Draw cash for your own private use, $40.

No. 154.—Pay, by check, note and interest due at bank to-day.

No. 155.—Pay Judson one month's salary by check, $150.

Post all books (see directions, page 180). Check back, after which take a trial balance. Make a statement of losses and gains and of resources and liabilities (see models, pages 184 and 185 and 192 and 193).

Close your ledger and present your books to your teacher.

INVENTORIES, SEPT. 30, 190–.

Merchandise.				
23 pcs. Amos. Denim,	937[2]	10		
22 " Blk. Venetian,	777[3]	1.10		
16 " Blue Flannel,	804[2]	.20		
13 " Broadcloth,	1385[1]	3.25		
18 " Creton Plaid,	742[1]	.11		
134 " Crown Lining,	7380[2]	.06		
20 " Corduroy,	703	.60		
33 " Cashmere,	1372[1]	.48		
470 doz. Coates Thread,		.37½		
16 pcs. Duchess Satin,	796[2]	1.65		
233 " F. of L. Sheeting,	13969	.07		
19 " French Crepon,	718	1.50		
36 " Kersey,	1648	.98		
91 " Mon. Cotton,	5438[2]	.05¾		
23 " O. G. Homespun,	1152[1]	.90		
30 " Pl. F. Poplin,	1328[3]	.95		
151 " Pique Muslin,	10571	.12½		
69 " Sateen,	3393[1]	.08½		
425 gro. S. P. Buttons,		.50		
34 pcs. Surah Silk,	1761	.44		
30 " Storm Serge,	1352	.60		
73 " Talbot Flannel,	3229[1]	.23		
245 doz. Torchon Lace,		.60		
9 pcs. Velveteen,	311[1]	.24		
26 " Whipcord,	1098[3]	.80		
71 " Wash Silk,	3702[2]	.45		
10 shares Wamsutta Mills Stock,				1150
Insurance premium (unexpired),				260
Horses, wagons and harnesses,				735
Furniture and fixtures,				2550
Real estate,				12200

STATEMENT OF RESOURCES AND

	Property as under:						
	Cash,	in safe	150.00				
		" bank	9600.00	9750			
	Merchandise,	as per inventory		20210	12		
	Furniture,	valued at		2475			
	Horses, Wagons & Harnesses,	" "		693			
	Real Estate,	" "		12150			
	Wamsutta Mills Stock,	" "		1050		46328	12
	Book accounts considered good as under:						
	Accounts Receivable,	as per sales ledger		9545	40		
	Bills Receivable,	" " bill book		4782	25	14327	65
	Other resources as under:						
	Interest,	due on bills receivable		30	25		
	Insurance,	unexpired		250			
	Rent,	due on flat		90		370	25
						61026	02

PROOF.

	A. B. Dane,	stock account				14460	
	" " "	private % balance	800.00				
	" " "	withdrew	200.00	600			
	" " "	salary		125			
	" " "	interest on investment		72	30		
	" " "	net gain		264	78	1062	08
	C. E. Freedman,	stock account				13400	
	" " "	private % balance	745.00				
	" " "	withdrew	150.00	595			
	" " "	salary		150			
	" " "	interest on investment		65	20		
	" " "	net gain		264	77	1074	97
	G. H. Irving,	stock account				1795	
	" " "	private % balance		125			
	" " "	salary		175			
	" " "	interest on investment		8	98		
	" " "	net gain		264	77		
				573	75		
	" " "	withdrew		150	88	422	87
						32214	92

LIABILITIES, SEPTEMBER 30, 190–.

Book accounts due others as under:					
Accounts Payable,	as per purchase ledger	7068	32		
Bills Payable,	" " bill book	21577	28	28645	60
Other liabilities as under:					
Interest,	due on bills payable			165	50
* Present Worth,				32214	92
				61026	02

PROOF.

Present Worth,	32214	92		
			32214	92

*To be written in red ink.

PRICE LISTS FOR

		1	2	3	4	5	6	7	8	9	10
1. Amoskeag Denim	yd.	.12⁹	.25	.13	.24⁹	.23⁹	.24	.14	.23⁹	.14⁹	.23
2. Blk. Venetian	"	1.25	1.37	1.24	1.36	1.23	1.35	1.22	1.34	1.21	1.33
3. Blue Flannel	"	.37	.24⁹	.36⁹	.25	.26	.25⁹	.35⁹	.26	.35	.26⁷
4. Broadcloth	"	4.13	4.01	4.14	4.02	4.15	4.03	4.16	4.04	4.17	4.05
5. Creton Plaid	"	.12⁹	.12⅞	.12⁸	.12⅝	.12¹	.12⅜	.12⅛	.13⅛	.13⅜	.13⁵
6. C. Lining	"	7⁷	7⁵	7¹	7⅛	7⅜	7⅝	7⅞	8⅛	8⅜	8¹
7. Cashmere	"	.60	.58	.62	.56	.64	.54	.66	.52	.68	.50
8. Coates Thread	doz.	.55	.54	.36	.53	.37	.52	.35	.51	.38	.50
9. Duchess Satin	yd.	2.00	1.95	1.90	1.98	1.96	1.94	1.92	1.88	1.86	1.84
10. Fruit of Loom Sheeting	"	8⁸	8¹	9⁹	8⁸	9¹	9⁵	10¹	7⁵	10⁹	7¹
11. French Crepon	"	1.75	1.77	1.73	1.79	1.71	1.81	1.69	1.83	1.67	1.85
12. Kersey, 54 in.	"	1.15	1.16	1.34	1.17	1.33	1.18	1.35	1.19	1.32	1.20
13. Monum't Unblchd. Cotton	"	6⁹	6⅛	6¹	6⅜	6⁸	6⅝	6⅞	5⅞	5⅛	5¹
14. Oxford Gray Homespun	"	1.00	1.05	1.10	1.02	1.04	1.06	1.08	1.12	1.14	1.16
15. Plain French Poplin	"	1.20	1.18	1.22	1.16	1.24	1.14	1.26	1.12	1.24	1.10
16. Pique Muslin	"	.15⁹	.15⁸	.14⁹	.15¹	.14⁷	.14¹	.13⁵	.16¹	.13⁵	.16⁸
17. Smoked Pearl Buttons	gro.	.75	.77	.73	.79	.71	.81	.69	.83	.71	.85
18. Surah Silk	yd.	.48	.50	.46	.52	.44	.54	.42	.56	.40	.58
19. Sateen	"	.10⁹	.10¹	.10⁸	.10⅞	.10⅝	.10⅜	.10⅛	9⅞	9⅛	9⁸
20. Storm Serge, Navy Blue	"	.75	.73	.77	.71	.79	.69	.81	.67	.83	.65
21. Talbot Flannel	"	.27	.28	.39	.29	.38	.30	.37	.31	.36	.32
22. Torchon Lace	doz.	.65	.70	.75	.80	.66	.71	.76	.67	.72	.77
23. Velveteen (248)	yd.	.35	.25	.34	.26	.33	.27	.32	.28	.31	.29
24. Whipcord	"	1.10	1.05	1.00	.95	1.09	1.04	.99	1.08	1.03	.98
25. Wash Silk	"	.50	.60	.51	.59	.52	.58	.53	.57	.54	.56
26. Corduroy	"	.75	.74	.63	.73	.64	.72	.65	.71	.66	.70

AUGUST AND SEPTEMBER.

	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
1.	.15	.22^{2}	.15^{2}	.22	.21^{2}	.16	.16^{2}	.21	.17	.20^{2}	.17^{2}	.20	.18	.19^{2}	.18^{2}
2.	1.20	1.32	1.19	1.31	1.18	1.30	1.17	1.29	1.16	1.28	1.15	1.27	1.14	1.26	1.13
3.	.34^{2}	.27	.34	.27^{2}	.28	.33^{2}	.33	.28^{2}	.32^{2}	.29	.32	.29^{2}	.31^{2}	.30	.31
4.	4.18	4.06	4.19	4.07	4.20	4.08	4.21	4.09	4.22	4.10	4.23	4.11	4.24	4.12	4.25
5.	.13$\frac{5}{8}$	.13^{2}	.13$\frac{3}{8}$	.13^{1}	.11$\frac{7}{8}$	.11$\frac{3}{8}$	.11^{3}	.11^{1}	.11$\frac{5}{8}$	.11$\frac{3}{8}$	.11^{2}	.10$\frac{7}{8}$	.10^{3}	.10$\frac{5}{8}$	.10^{2}
6.	8^{1}	8$\frac{3}{8}$	8$\frac{5}{8}$	8^{1}	9$\frac{1}{8}$	9$\frac{7}{8}$	9^{1}	9^{1}	9$\frac{3}{8}$	9$\frac{5}{8}$	9^{2}	.10$\frac{1}{8}$	.10^{1}	.10$\frac{3}{8}$	.10^{1}
7.	.70	.59	.61	.57	.63	.55	.65	.53	.67	.51	.69	.73	.72	.74	.71
8.	.39	.49	.40	.48	.41	.47	.42	.46	.43	.45	.44	.40	.38	.39	.42
9.	1.82	1.80	1.78	1.76	1.75	1.74	1.72	1.70	1.68	1.62	1.64	1.56	1.58	1.66	1.60
10.	.10^{2}	7^{1}	.11^{1}	8^{1}	.11^{2}	8^{2}	.11^{3}	8^{3}	9^{3}	9^{1}	9^{2}	.10^{1}	.10^{4}	.10^{2}	7^{2}
11.	1.65	1.76	1.74	1.78	1.72	1.80	1.70	1.82	1.68	1.84	1.66	1.62	1.63	1.61	1.64
12.	1.31	1.21	1.30	1.22	1.29	1.23	1.28	1.24	1.27	1.25	1.26	1.30	1.32	1.31	1.28
13.	5$\frac{3}{8}$	5^{2}	5$\frac{5}{8}$	5^{3}	7$\frac{1}{8}$	7$\frac{7}{8}$	7^{1}	7^{3}	7$\frac{3}{8}$	7$\frac{5}{8}$	7^{2}	8$\frac{1}{8}$	8^{1}	8$\frac{3}{8}$	8^{1}
14.	1.18	1.20	1.22	1.24	1.25	1.26	1.28	1.30	1.32	1.38	1.36	1.44	1.42	1.34	1.40
15.	1.22	1.08	1.24	1.06	1.26	1.04	1.28	1.02	1.30	1.21	1.29	1.23	1.27	1.25	1.05
16.	.13^{1}	.16^{3}	.12^{3}	.15^{3}	.12^{2}	.15^{2}	.12^{1}	.15^{1}	.14^{1}	.14^{3}	.14^{2}	.13^{3}	.13^{1}	.13^{2}	.16^{1}
17.	.73	.87	.71	.89	.69	.91	.67	.93	.65	.74	.66	.72	.68	.70	.90
18.	.47	.57	.45	.55	.43	.53	.41	.51	.60	.39	.38	.37	.63	.61	.62
19.	9^{1}	9$\frac{5}{8}$	9$\frac{3}{8}$	9^{2}	8$\frac{7}{8}$	8$\frac{1}{8}$	8^{3}	8^{1}	8$\frac{5}{8}$	8$\frac{3}{8}$	8^{2}	7$\frac{7}{8}$	7^{3}	7$\frac{5}{8}$	7^{2}
20.	.76	.66	.78	.68	.80	.70	.82	.72	.63	.84	.85	.86	.60	.62	.61
21.	.35	.33	.34	.26	.41	.25	.42	.24	.43	.39	.34	.29	.43	.37	.28
22.	.68	.73	.78	.69	.74	.79	.81	.87	.82	.86	.83	.85	.84	.72	.69
23.	.30	.36	.50	.37	.49	.38	.48	.39	.47	.40	.46	.41	.45	.42	.44
24.	1.07	1.02	.97	1.06	1.01	.96	.94	.88	.93	.89	.92	.90	.91	1.03	1.06
25.	.55	.49	.35	.48	.36	.47	.37	.46	.38	.45	.39	.44	.40	.43	.41
26.	.67	.69	.68	.76	.61	.77	.60	.78	.59	.63	.68	.73	.59	.65	.74

QUESTIONS.

1. What special columns appear at the left of the journal-day book page? What special columns at the right of the journal-day book page?

2. Explain the posting of the items and the totals of these columns.

3. Explain the uses of Amount of Invoice, Discount Allowed, and Amount Received or Amount Paid columns of the cash book.

4. How are C. O. D. sales shipped by freight?

5. If you desired to return a part of merchandise purchased, how would you notify the seller so as to receive credit for the amount returned?

6. What is a credit memorandum?

7. Explain the balance ledger used in the August and September work, and state its advantages.

8. What account in the main ledger is an abstract of the sales ledger?

9. What account in the main ledger is an abstract of the purchase ledger?

10. To what accounts in the main ledger should the footing of the last column of the sales book be posted? To what book should the "on account" items of the sales book be posted?

11. Explain the posting of the items and the total of the invoice book.

12. In the statement of losses and gains, what accounts appear that have no connection with the dry goods business?

13. Why should a special section of the statement be given to such accounts as Real Estate, Wamsutta Mills Stock, and Rent?

14. How would a gain or a loss on real estate be likely to occur?

15. When would a gain appear on such an account as Wamsutta Mills Stock? When a loss?

16. Explain the method of finding the interest due a partner.

17. Explain the method of closing the Loss and Gain account in the main ledger.

18. Explain how each partner's interest and salary would be shown on his private account.

19. How would you close the private account of each partner?

20. Explain the method of proving the present worth of the statement of resources and liabilities by means of partners' stock and private accounts.

Apr. 12

SINGLE ENTRY.

Single entry books differ from those used in double entry bookkeeping chiefly in the fact that a single entry ledger contains only accounts with persons, all property accounts being omitted.

The principle of equal debits and credits, belonging to double entry, is not a part of single entry bookkeeping, and consequently no equality exists between the debit and credit sides of the ledger, and no trial balance can be taken of a single entry ledger.

An account with cash should be kept in the cash book, as in double entry bookkeeping, and by means of a bill book it is easy to keep a record of bills receivable and bills payable. An account with merchandise may be kept by the use of an invoice, or purchase, book and a sales book.

A well arranged set of single entry books, correctly kept, will show as complete a record of the business as will a set of books kept by double entry; but it will not be in as compact form, and will require more work on the part of the bookkeeper.

The following transactions are designed to illustrate the method of keeping the books of a modern, up-to-date retail grocery business, at first by means of single entry books, after which will be shown the method of changing from single entry to double entry, continuing the business by double entry, and incidentally showing the use of the card system of ledger bookkeeping.

In order that a complete record of the business may be obtained by single entry bookkeeping, the books used will be as follows: journal, cash book, abstract sales book, purchase book, bill book, general ledger, and card ledger, using the card system only for customers' accounts. For an elementary set in single entry, requiring a less complete record of the business, see Appendix.

Journal. This book contains such debits and credits as may occur outside of the cash book and the sales sheets, which make up the abstract sales book, and in it are kept such matters of record as would appear in the ordinary double entry journal.

The form on page 198 illustrates the journal.

Sales Sheets. When sales of merchandise on account are made, in most modern grocery stores sales sheets, or tickets, are used, and by means of carbon paper are written in duplicate by the salesman as he takes the order verbally or from an order book.

The form on page 199 illustrates the sales sheet.

The original and duplicate sales sheets are sent to the office to have the prices O. K'd. The original is retained by the bookkeeper, and the duplicate is sent with the goods when delivered, so that the customer receives a complete bill with each lot of goods purchased, and there is little chance for mistakes, or for a dispute, when the weekly or monthly bill is rendered. The bookkeeper should enter the amount of each sales sheet upon his abstract sales sheet for the day.

The form on page 200 illustrates a daily abstract sales sheet, in which the name of each customer is given.

October 1, 190-

L.F.				
	Thomas E. Sears Cr.			2500
	Commenced this day at 186 Main St. the Retail Grocery business. having purchased the stock in trade and good-will of E. K. Fursman & Co for $2500 cash, this amount being 80% of the value of said stock as shown by inventory			
	2			
	E. M. Hyde & Co. Dr.			200
	Gave them my note at 10 da. payable at City Bank to apply on acct.			
	7			
	B. F. Perkins Cr.			60
	Received his note at 30 days to balance his acct. to Oct. 1.			
	10			
	Thomas E. Sears Dr.			3880
	Took from the store for private use			
	2 bbls. Flour	6.25	1250	
	20# Sugar	6¢	130	
	1 hf. cht. Japan Tea 50#	50¢	25	
	14			
	Geo. A. Glenn Cr.			125
	Bought of him a delivery wagon to be paid for in 30 days			
	16			
	Thomas E. Sears Cr.			150
	Furnished a horse for use on delivery wagon			

22

S. S. Pierce & Co. Dr. 59 25

Returned as not up to standard

1 bale Mocha	125#	25¢	31	25
1 hf. cht Y. H. Tea	70#	40¢	28	

27

Mrs. Wm. Read Cr. 3 50

Returned ½ bbl. flour not satisfactory

SALES SHEET.

THOS. E. SEARS

Rochester, N. Y. Oct 4, 190 –

Name E. M. Parsons

Address #25 Glasgow St.

TIME TAKEN	WHEN WANTED	TRANSACTION

SALESMAN		ARTICLES	BOXES	JUGS	BROOMS
4		10	1	1	1

1	5# Sugar		33
2	12 Eggs		30
3	2# Butter		52
4	1 Bread		05
5	½ Potatoes		15
6	Broom		35
7	1# Coffee		26
8	½# Tea		30
9	1 Ketchup		23
10	1 Molasses		30
11			
12			
13			
14			
15			
16			
17			
18			

PLEASE RETURN THIS BILL IN CASE OF ERROR.

MANUFACTURED UNDER PATENTS OF THE CARTER-CRUME COMPANY, LIMITED. NIAGARA FALLS, N.Y.

No. 279 **ABSTRACT SALES SHEET,** Oct. 4, 190-

Ticket No.	L. F.	NAME.	ADDRESS.	Amount of Sale.	Total Daily Sales.
		Mrs. S. T. Worthen		4 25	
		G. B. Ryder		75	
		Eagle Hotel		12 47	
		Mrs. Wm. Hanson		2 61	
		Wm. Harper		1 34	
		Edw. Austin		3 41	
		E. M. Parsons		2 79	
		Chas. Hardy		4 13	
		G. C. Carter		74	
		A. M. Freeman		2 45	
		W. B. Allen		4 27	
		Cash Sales as per	cash tickets	72 24	111 46

Many bookkeepers keep a regular abstract sales book, using the same form as above, and posting directly from this book to the customer's account in the ledger. A better method is to keep only the amount of each sale on the abstract sales sheet for the day, and carry the total of the day's sales to the abstract sales book at the close of each day, posting daily the items from the sales sheet to the customer's monthly statement sheet, and carrying only the total of this monthly sheet to the debit of the customer, at the end of the week or month, on his ledger card, or page, in case a book is used instead of cards. This method is preferable, as these sales sheets are original entries, and it is to them that reference must be made if any discrepancy exists between an account rendered and the record kept by a customer. The bookkeeper should post these sales sheets daily to the monthly statement sheets, and when the posting is completed, should file away the sales sheets alphabetically, or each day's sheets in a separate package, so that they may be readily accessible, should they be required to verify a customer's monthly statement after it has been rendered.

Cash Sales. Sales of merchandise for cash are made in the same manner as sales on account, except that a sales sheet is used similar in form to the one on page 199, which is receipted when the goods are delivered; or, if the sale is made in the store, the customer is given a cash ticket, which is presented with the money to the cashier, who files the ticket with the cash sales sheets on a spindle, or in such manner as may be desired. The sum of the amounts of these tickets and of the cash sales sheets should equal the sum of the cash sales of the day, and should be carried to the Sales for Cash column of the abstract sales book, and also to the debit side of the cash book. (See form of abstract sales book, page 201, and form of cash book, pages 204 and 205.)

Abstract Sales Book. The abstract sales book contains columns for date, number of daily abstract sales sheet, sales on account, cash sales, total daily sales, total weekly sales,

and total monthly sales, so that the book will show at a glance each day's business, both cash and credit, the sum in total, and the total sales at the end of each week and month.

The following form illustrates the abstract sales book.

ABSTRACT SALES BOOK.

190-

DATE		FROM SALES SHEET NO.	SALES ON ACCOUNT	SALES FOR CASH.	TOTAL DAILY.	TOTAL WEEKLY.	TOTAL MONTHLY.
Oct.	1	276	48 24	63 72	111 96		
	2	277	142 20	78 45	220 65		
	3	278	79 96	64 44	144 40		
	4	279	39 22	72 24	111 46		
	5	280	62 42	48 29	110 71		
	6	281	114 33	78 98	193 31	892 49	

In the series of transactions following, the daily abstract sales sheet will be used according to the form on page 200, and the abstract sales book will contain only totals, as shown in the above form.

It is evident that the sum of the footings of the Sales for Cash and the Sales on Account columns of the abstract sales book will at any time show the total sales of merchandise to date.

Purchase Book. This book is an abstract of the invoices of merchandise purchased in the regular course of business, and where the ordinary invoice book is kept, it would, of course, be unnecessary to keep the purchase book, since all the material of the purchase book and also the items of these purchases would be found in the invoice book. Many bookkeepers, however, keep a purchase book, and file the invoices loose, instead of pasting them into a book, and in this series of transactions, since no invoices are received by the student, it is necessary to keep an abstract of these invoices, hence the purchase book, which contains colums for the date of the invoice, the ledger folio, the name of the person or firm from whom the goods were bought, the terms of payment, the due date, the date of payment, the amount of the invoice, the discount, and the amount paid.

It is evident that the footing of the Amount of Invoice column in the purchase book will, at any time, show the amount of merchandise purchased, and this amount, less the footing of the Discount column, will be the net cost of merchandise at any date. The total footing of the columns of the abstract sales book will show the amount of merchandise sold at any time. To this amount add the inventory of merchandise unsold, and the difference between this sum and the net cost of merchandise will show the gain or loss.

The form on page 202 illustrates the purchase book.

Cash Book. This book does not differ materially from the cash book kept in double entry. The left-hand page contains a record of all cash received, and the right-hand page a record of all cash paid out; also a special column for merchandise discount allowed on

PURCHASE BOOK.

Date of Invoice.		L.F.	Name and	Address	Terms.	When Due.		When Paid.		Amount of Invoice.		Discount		Amount Paid.	
190-						190-		190-							
Oct.	1		T. H. Leggett & Co.	N.Y.	5% Cash	Oct.	1	Oct.	5	288	40	14	42	273	98
	2	✓	E. N. Gray & Co.	City	Cash		2		2	14	25			14	25
	4		S. S. Pierce & Co.	Boston	Net Cash		4		7	422	75			422	75
	5		Park & Tilford	N.Y.	60 ds.	Dec.	4			522	45				
	7		T. H. Leggett & Co.		Net 30	Nov.	6			428	45				
	7	✓	White Bros.	City	Cash	Oct.	7		7	124	60			124	60
	10		J. D. Carson & Co.	Phila.	7/8		25		25	620		46	60	573	40
	15		S. S. Pierce & Co.	Boston	4/10		25		25	255	70	7	67	248	03
	18		E. M. Hyde & Co.		Net 30	Nov.	17			442	65				
	20		E. N. Gray & Co.	City	Cash	Oct.	19		19	47	84			47	84
	23		Armour Pkg. Co.	Chicago	2/10	Nov.	2			286	40				
	25		Swift & Co.		2/10		4			442	65				
	28		T. H. Leggett & Co.	N.Y.	1% Cash		28		30	345	60	3	46	342	12
	30		White Bros.	City	Cash		30		30	39	68			39	68
			Total purchases for Oct.							4581	45				
Nov.	1		S. S. Pierce & Co.	Boston	Net 30	Dec.	2			1248	70				

bills paid within the specified date. When such accounts are posted, two debit entries should be made on the personal account affected, one for the merchandise discount, and one for the net amount paid, thus canceling the amount of the invoice (see instructions for posting merchandise discount, page 138). It is not necessary in a single entry cash book to write the name of the account affected by the transaction, except when it is a personal account, as only accounts with persons are kept in the ledger, and only that part of the cash book which affects personal accounts will be posted to the ledger.

The form on pages 204 and 205 illustrates the cash book.

Customers' Statements. In most grocery establishments, where modern methods are in use, the items from the sales sheets are not posted to the ledger account of the customer, but instead are posted directly from the sales sheets to a monthly statement sheet, which at the end of the week or month is handed, or mailed, to the customer, and the totals only of these sheets are posted to his account in the ledger. When a statement sheet is handed in with cash to make payment of the account, the sheet is receipted and returned to the customer, who receives credit in the ledger for the amount of his payment in the regular posting from the cash book, where the payment should be entered when made. The postings to the statement sheets should be made at the end of each day before the sales sheets of that day are filed away for reference.

The following form illustrates a customer's statement sheet.

MONTHLY STATEMENT.

Thos. E. Sears,
GROCER,

Liberty Building, Main St. East.
14, 18 and 20 Lake Avenue,
Plymouth Avenue, cor. Spring St.

Rochester, N. Y., Nov. 1, 190

Sold to E. M. Parsons.

Oct.	1	12 Eggs	28		
		2# Butter	60		
	2	1 bbl. Flour	4 75		
		3# Coffee	75		
		12 Oranges	35		
	4	5# G. Sugar	33		
		12 Eggs	30		
		2# Butter	52		
		Bread	05		
		Pk. Potatoes	15		
		Broom	35		
		Coffee	26		
		½# Tea	30		
		Ketchup	23		
		Molasses	30		
	9	bbl. Apples	2 00		
		bu. Potatoes	60		
	12	10# Sugar	65		
		Ct. Wheat	15		
	15	5# Butter	1 30		
		C. Peaches	20		
	24	2# Choc	60		
		Sardines	35		
		12 Eggs	30		
	28	2# Cheese	30		
		C. Pears	18		
	29	" Peas	15		
		" Tomatoes	10	16	40

Some bookkeepers would post the total of each sales sheet to the debit of the customer on his ledger card, or page, but this seems unnecessary, since the monthly statement sheet is really an itemized ledger account with the customer. A shorter method would consist in posting to the customer's statement sheet only the totals of the sales sheets, not repeating the items on the statement sheet. This saves a large amount of work to the bookkeeper, and if the customer keeps his sales sheets delivered with each order, he can readily compare his statement sheet with his sales sheets; but in practice it is found that customers do not invariably keep these sales sheets, and there are more likely to be disputes about the amount of the monthly statement than when the items are repeated on the statement sheet.

Cash Dr.

190-		J. F.						
Oct.	1		Thos. E. Sears	investment	250			
	1		Cash Sales	as per tickets	48	20		
	2		Mrs. J. B. Chase	balance to Oct. 1	23	45		
	2		Cash Sales	as per tickets	44	70		
	3		Wm. N. Raines	balance to Oct. 1	42	65		
	3		E. M. Parker	on acct.	50			
	3		Cash Sales	as per tickets	52	20		
	4		Proceeds of note	disct. face $200; disct.	198			
	4		Wm. Rand	balance to date	42	20		
	4		Recd. for rent	tenement over store	15			
	4		Cash Sales	as per tickets	51	70		
	5		David Hayes	balance to date	14	42		
	5		Sold delivery wagon for		40			
	5		C. D. Woods	balance to Oct. 1	22	50		
	5		Cash Sales	as per tickets	48	70	943	72
							943	72
Oct.	6		Balance				321	31

Each day after the customers' statements sheets are posted, they should be placed in an indexed file, where they are readily accessible, and from which they should be removed as soon as the month's work is posted, and handed, or mailed, to the customer. An excellent form of file is the "Ledgerette," shown in the accompanying cut.

LEDGERETTE.

The system of bookkeeping by means of loose sheets and cards, properly indexed, in place of books has grown rapidly in favor during the past few years; especially is this true in business houses where there are numerous subdivisions, and where a large number of books would be necessary in order to keep a complete record. The records of the day are made on

Cash Cr.

190-		L. F.		Mdse. DISCOUNT			
Oct.	1		Paid rent for month of Oct.		60		
	1		Bot. set of books and stamps		6	25	
	2		" of E. N. Gray & Co. per inv.		14	25	
	2		Paid for shoeing horse		1	25	
	3		" " harness		20		
	3		" " insurance on stock		30		
	3		E. B. Warren loan for 30 ds.		50		
	3		Paid freight on Leggett's inv.		5	76	
	4		Thos. E. Sears private use		25		
	4		Paid for oats 2.50 hay 3.75		6	25	
	4		Bot. a second hand safe for		75		
	5		Paid for repair of roof		4	75	
	5		" " 2 tons coal & lot of wood		24	92	
	5		Thos. E. Sears private acct.		5		
	5		Paid clerk hire		20		
	5		F. K. Leggett & Co. inv. Oct. 1 less 5%	14 42	273	98	622 41
	5		Balance on hand *				321 31
							943 72

*To be entered in red ink.

loose sheets, and these sheets are handed to the head bookkeeper, who places them in properly arranged files, so that the record of each day's business in every department is readily accessible. Out of this system of account keeping has grown what is known as the *index card ledger*, a method of keeping ledger accounts which possesses many advantages, among which are the following.

First, the ledger kept by this system contains no accounts with persons who have ceased to do business with the firm, for as soon as a customer closes his account, either by removing from the place, or by transferring his custom to some other business house, his card is taken from the receptacle containing the ledger cards and placed in a file kept for accounts which have been closed. Should the customer return, the card may be taken from this file and placed in the ledger index. In taking a trial balance, therefore, the bookkeeper has only live accounts to deal with, and there is less liability to make mistakes.

Second, the cards are easily handled, and once the cabinet has been purchased, it can be extended indefinitely at a trifling expense, the cards costing no more than ordinary

paper. In case statements are desired promptly, a ledger of a thousand customers' accounts could be worked upon at the same time by the entire office force, while with a book ledger but one person can work on statements at a time. In case of disputes regarding accounts, where it is necessary to produce the books in court, the ledger card or loose sheet containing the account in dispute can be produced without interfering with the work of the accountants at the office.

An objection urged against the card system has been that it is difficult in posting to find the individual cards, but if properly indexed by number there is no difficulty from this source. The cards can be found as readily as the page of a customer in an ordinary ledger.

FORM OF CARD LEDGER.

The above cut illustrates the form of a card ledger indexed alphabetically, and if the number of customers is not too large, this arrangement is preferable, as it requires no other index. If the business be very extensive, however, it is better to number each customer and divide the ledger into hundreds, then subdivide the hundreds into tens. A small tab at the top of each card is provided for a number, and an index book is kept for the names corresponding to the numbers.

The card itself does not differ in ruling from the ordinary ledger page. In posting to the ledger card, first enter in the explanation column the dates of the sales sheets which make up the customer's statement sheet, then enter the total of the statement in the debit money column. It may require two or three lines of the explanation space to write the dates of the sales sheets, but these dates will save a great amount of labor in looking up sales sheets from the daily files in case of a disagreement between a customer's account as kept by him and as kept by the bookkeeper.

The following is a form of ledger card.

LEDGER CARD.

Name George W. Lennon. Occupation Plumber.

Residence 21 Forest Ave. Rating A. 1.

190-				190-					
Sept.	1-3-5-7-10-13-16-19-21-23 24-26-27-29-30		44 87	Oct.	4	Cash	112		44 87
Oct.	4-5-9-14-15-16-19-20 22-24-27-28-30-31		55 20						

RETAIL GROCERY BUSINESS.

WORK FOR THE STUDENT.

OCTOBER 1, 190–.

You have this day purchased of Adams & Hackland their entire stock of groceries, situated in the store #222 Division St., and invoiced at $2993.33, at 75% of the invoiced value, for which you have paid cash. The net value of this stock of merchandise represents your merchandise investment; you invest $300 in cash also.

You have agreed to collect the accounts due Adams & Hackland and allow them 95% of their face valuation, and become responsible yourself for any losses which may arise from bad debts.

The following customers of Adams & Hackland owe the amounts opposite their names.

Mrs. S. T. Worthen,	26 Laurel St.,	$23.45
A. B. Ryder,	61 Spring St.,	44.28
C. H. Stratton, Elm House,	Central Square,	212.40
Mrs. Wm. Hanson,	28 Summer St.,	31.42
Wm. Harper,	62 East St.,	38.49
Edward Austin,	31 Green St.,	28.74
Mrs. F. Gilford,	44 Brown St.,	21.39
E. L. Corey,	54 Brown St.,	18.96
Mrs. A. Waldron,	82 Chestnut St.,	39.48
P. J. McGuire, Cottage Hotel,	52 Ann St.,	169.34
		$627.95

You have agreed to pay Adams & Hackland the amount of 95% of these bills within three months of Oct. 1st. You have also agreed to continue the lease of the store #222 Division St. until Jan. 1st, at the present rental of $50 per month, and to retain the clerks, Thos. Stuart and Eugene Canfield, at a salary of $12 per week each, and Edward Marsh as delivery clerk at $20 per week, he furnishing a horse and delivery wagon.

INSTRUCTIONS.—Make an entry in the journal, giving yourself credit for the net value of the merchandise; in the cash book credit yourself with $300 invested. In the journal credit Adams & Hackland with 95% of the value of the accounts purchased of them; also enter a memorandum of the clerks and rental agreements.

Take from your customers' card ledger the blank cards, and enter on the debit side, after the name and address of each person have been written, the amount due, under date of Oct. 1st, writing *Balance* in the explanation column.

TRANSACTIONS.

Bought of Hackett Bros., City, on account, 60 ds., 2% 10 ds., 10 brls. N. S. flour at $5; 10 brls. Redcloud at $4.50; 5 brls. pastry at $5.50.

Bought of E. J. Dunn Grocery Co., City, 4 mos., 5% 10 ds., 2 hf. chts. Young Hyson tea, 140 lbs., at 32¢; 2 hf. chts. Oolong, 100 lbs., at 47¢; 2 hf. chts. Eng. Breakfast, 120

lbs., at 30¢; 2 bags Rio coffee, 250 lbs., at 10¢; 1 bale Mocha, 150 lbs., at 22¢; 2 mats Java, 150 lbs., at 21¢.

Bought of the American Sugar Refining Co., New York, on account, 30 ds., 1% 10 ds., 5 brls., 1565 lbs., G. sugar at 5½¢; 2 brls., 622 lbs., C. sugar at 5¢.

Purchased, for cash, of Gray Bros., City, 20 bu. potatoes at 40¢; 5 brls. apples at $1.50.

Purchased, for cash, of Williams & Andrews, City, 60 doz. fresh eggs at 20¢; 120 doz. case eggs at 15¢.

INSTRUCTIONS.—Enter your purchases in the purchase book (see model, page 202).

The following sales slips have been handed in by the salesmen.

No. 1.—Mrs. S. T. Worthen, #26 Laurel St., 3 lbs. butter at 25¢; 12 eggs, 20¢; 1 pk. apples, 20¢; 1 pk. potatoes, 15¢; 1 gal. K. oil, 12¢; 1 lb. M. & J. coffee, 32¢.

No. 2.—A. B. Ryder, #61 Spring St., 1 lb. E. B. tea, 60¢; 1 lb. M. & J. coffee, 32¢; 1 pkg. gelatine, 15¢; 2 lbs. raisins at 16¢; 10 lbs. butter at 23¢; 12 S. F. eggs, 24¢.

No. 3.—C. H. Stratton, Elm House, 1 tub butter, 40 lbs., at 22¢; 10 doz. case eggs at 18¢; 2 brls. apples at $1.75; 1 brl. N. S. flour, $5.50; 4 sacks pastry flour at $1.50.

No. 4.—Mrs. Wm. Hanson, #28 Summer St., 2 pkgs. rolled oats at 12½¢; 2 pkgs. Germea at 15¢; 5 doz. case eggs at 18¢; 6 cans tomatoes at 10¢; 6 cans corn at 10¢; 20 lbs. G. sugar at 6¢; 2 lbs. Rio coffee at 20¢; ½ lb. W. pepper at 40¢.

No. 5.—Wm. Harper. #62 East St., 2 lbs. butter at 26¢; 1 box boneless codfish, 45¢; 1 can tomatoes, 10¢; 1 bu. potatoes, 60¢; 1 pk. apples, 20¢; 1 lb. Y. H. tea, 50¢.

No. 6.—Edward Austin, #31 Green St., 1 brl. N. S. flour, $5.50; 2 lbs. cream cheese at 16¢; 1 lb. Y. H. tea, 50¢; 12 S. F. eggs, 24¢; 5 gals. K. oil at 13¢.

No. 7.—Mrs. F. Gilford, #44 Brown St., 12 S. F. eggs, 24¢; 2 lbs. butter at 26¢; 1 pk. potatoes, 15¢; 1 head cabbage, 6¢; 2 bunches beets at 5¢; 1 pkg. Germea, 15¢; 5 cakes Ivory soap at 5¢; 5 lbs. rice at 10¢; 1 gal molasses, 60¢.

No. 8.—Edward L. Corey, #54 Brown St., 1 broom, 35¢; ½ gal. maple syrup at $1.25; 1 can tomatoes, 10¢; 1 bu. potatoes, 60¢; 1 brl. apples, $2.

No. 9.—Mrs. A. Waldron, #82 Chestnut St., 2 lbs. butter at 26¢; 1 lb. cheese, 16¢; 1 sack pastry flour, $1.50; 1 pkg. Germea, 15¢; 12 S. F. eggs, 26¢; 1 pkg. H. O. pancake, 10¢; 1 qt. maple syrup, 35¢.

No. 10.—P. J. McGuire, Cottage Hotel, #52 Ann St., 1 lb. M. & J. coffee, 32¢; 1 washboard, 50¢; 1 lb. raisins, 10¢; 1 bottle bluing, 10¢; 1 broom, 30¢; 1 pkg. rolled oats, 13¢; 12 oranges, 35¢.

INSTRUCTIONS.—Take a statement sheet for each person named on the sales slips, and enter the items of each day's sales on the statement sheets, allowing a line for each item. When this is completed, place the statement sheets in your ledgerette file. In actual practice, at the end of the day the slips would be placed in an envelope or file, and marked with the date, *Oct. 1, 190–*, so that if any dispute arose regarding the statement slips they could readily be referred to. (See model of statement sheet, page 203; see cut of ledgerette, page 204.) No entries for the above transactions are made in the books.

The old style grocer enters all his sales on a blotter, posts from the blotter to the ledger, and makes out his statements from the ledger at the end of the month. The modern grocer

posts the sales slips directly to the customers' monthly statement sheets, and at the end of the month the statements are ready for the customers, as the bookkeeper should do his posting at the end of each day.

The footings only of the statement sheets are carried to the customers' ledger. In this series of transactions the card ledger is used, but it will readily be seen that the card ledger does not differ from an ordinary customers' ledger (see explanation of card ledger on page 205).

The amount of cash sales, as shown by the cash tickets handed in by the salesmen and the customers, is $121.45. Enter this amount in the cash book, on the debit side, with the explanation, *Cash sales, as per tickets.*

Enter the total of each customer's sales sheet against the customer's name on an abstract sales sheet, dated *Oct. 1*, and numbered *1;* also enter the total cash sales underneath, and carry these amounts to the proper columns of the abstract sales book (see models, pages 200 and 201).

Paid cash as follows: Books and stationery, $6.25; postage stamps, $1; one month's rent in advance, $50; merchandise purchased of Gray Bros., $15.50; merchandise purchased of Williams & Andrews, $30. Enter in the cash book (see form, pages 204 and 205).

Balance your cash book, entering the difference in red ink on the credit side. Bring down the balance on the left-hand, or debit, side, in the second column, under date of Oct. 8th. In this series of transactions the cash book will be balanced at the close of each day's business, in accordance with the custom in actual retail business.

OCTOBER 8, 190–.

Purchased of S. M. Crockett & Co., City, on account, 30 days, 3% 10 ds., 5 doz. tomato etchup at $1.50; 1 gro. bluing, $7.50; 3 doz. brooms at $2.

Purchased of Gray Bros., for cash, 50 heads cabbage at 4¢; 60 bunches beets at 2¢.

Bought, for cash, from market wagons, 20 doz. S. F. eggs at 20¢; 60 lbs cream cheese at 12¢.

The following sales slips have been handed in by the salesmen.

No. 1.—Mrs. S. T. Worthen, 10 lbs. G. sugar at 6½¢; 1 bottle bluing, 10¢; 2 lbs. cheese at 16¢; 1 lb. Y. H. tea, 50¢.

No. 2.—Wm. Harper, 1 lb. M. & J. coffee, 32¢; 1 brl. N. S. flour, $5.75; 2 qts. molasses at 12½¢; 5 cakes Ivory soap at 5¢.

No. 3.—A. B. Ryder, 10 lbs. G. sugar at 6½¢; 1 pkg. R. oats, 12¢; 1 pk. potatoes, 15¢; 5 gals. K. oil at 13¢; 5 lbs. lard at 12¢.

No. 4.—Mrs. F. Gilford, 10 lbs. G. sugar at 6½¢; 1 lb. M. & J. coffee, 32¢; 1½ lbs. cheese at 16¢; 1 sack flour, $1.50; 1 can corn, 10¢; 1 can tomatoes, 10¢; 1 broom, 35¢.

No. 5.—E. B. Woods, #44 Laurel St., 2 lbs. print butter at 30¢; 1 bu. potatoes, 60¢; 1 pk. apples, 20¢; 12 bananas, 20¢; 5 lbs. G. sugar at 6½¢; 1 lamp chimney, 10¢; 1 brl. N. S. flour, $5.75.

No. 6.—Edward Austin, 10 lbs. tub butter at 24¢; 1 lb. M. & J. coffee, 32¢; 5 lbs. lard at 12¢; 1 broom, 35¢; 10 lbs. G. sugar, at 6½¢; 3 lbs. codfish at 15¢.

No. 7.—Mrs. A. Waldron, 1 brl. apples, $2.25; 10 lbs. lard at 12¢; 10 lbs. sugar at 6½¢; 2 lbs. Rio coffee at 20¢; 1 lb. Y. H. tea, 50¢.

No. 8.—C. H. Stratton, Elm House, 10 bu. potatoes at 55¢; 1 hf. cht., 50 lbs., E. B. tea at 50¢; 1 bale, 125 lbs., M. & J. coffee at 30¢; 5 doz. S. F. eggs at 22¢; 1 case Germea, 36 pkgs., $4.50; 1 brl. oatmeal, $4.75; 1 bx. prunes, 50 lbs., $6.

No. 9.—Chas. A. Dodge, #57 Chestnut St., 1 lb. E. B. tea, 60¢; 1 lb. M. & J. coffee, 32¢; 6 lemons, 18¢; 12 S. F. eggs, 24¢; 1 brl. flour, $5.75; 5 lbs. lard at 12¢.

No. 10.—P. J. McGuire, Cottage Hotel, 1 gal. vinegar, 25¢; 1 brl. N. S. flour, $5.75; 5 lbs. butter at 24¢; 2 cans C. milk at 15¢; 1 bottle O. oil, 75¢; 1 bunch celery, 15¢; 1 can chicken, 40¢.

Cash sales for the day, $214.12.

Do not forget to make proper entries on a daily abstract sales sheet, and also in the abstract sales book.

Received cash as follows: Mrs. F. Gilford, $21.39; P. J. McGuire, $50; Wm. Harper, $18.49; Mrs. Wm. Hanson, $20; merchandise sales, per cash tickets, $214.12.

Deposited $550.

In this set you will not have a check book, as checks are not given, but you may keep an account with the bank on the page preceding *Cash* in your cash book. Head this page, *Account with City Bank.* Write the date the same as in the cash book; in the first explanation space write *Deposit;* in the second explanation space, *Currency;* in the first money column the amount, *$550.* When you give a check, write the date, the name of the party to whom the check is given in the first explanation space, for what given in the second explanation space, and carry the amount into the right-hand money column. The difference at any time between the right-hand money column and the left-hand money column will show the amount of cash in bank.

Paid cash as follows: (Checks) Hackett Bros., invoice of Oct. 1st, less 2% (enter merchandise discount on credit side of cash book, in first column, and net amount of bill in second column); E. J. Dunn Grocery Co., invoice of Oct 1st, less 5%. (Currency) Gray Bros., invoice of even date, $3.20; merchandise purchased from market wagons, $11.20; salaries, Stuart, $12; Canfield, $12; Marsh, $20; freight, $3.42.

Balance your cash book, and bring down the amount the same as in double entry.

OCTOBER 15, 190–.

Bought of Park & Tilford, New York, net 2 mos., 3/10, merchandise as per invoice, $287.90.

Bought of S. S. Pierce & Co., Boston, net 2 mos., 2/10, merchandise as per invoice, $468.32.

Purchased of St. Louis Milling Co., St. Louis, net 4 mos., 5/10, merchandise as per invoice, $450.

Purchased of Gray Bros., City, for cash, 50 heads cabbage at 4¢; 1 bu. turnips, 45¢; 80 brls. apples at $2.

Purchased of Trent Commission Co., City, for cash, 4 tubs C. butter, 200 lbs, at 17¢; 10 baskets late peaches at 65¢.

The following sales slips have been handed in by the salesmen.

No. 1.—C. H. Stratton, Elm House, 1 pail mackerel, 20 lbs., $4.25; 1 tub lard, 60 lbs., at 10¢; 1 doz. tomato ketchup, $2.25; 6 doz. S. F. eggs at 22¢; 4 sacks pastry flour at $1.50; 1 brl. N. S. flour, $5.50.

No. 2.—Mrs. S. T. Worthen, 1 brl. apples, $2.50; 1 bu. potatoes, 60¢; 5 lbs. butter at 25¢; 12 S. F. eggs, 24¢; 1 lb. M. & J. coffee, 32¢.

No. 3.—Mr. Wm. Harper, 20 lbs. G. sugar at 6½¢; 10 lbs. lard at 12¢; 3 cans corn at 10¢; 1 lb. E. B. tea, 60¢; 4 lbs. raisins at 15¢; 1 broom, 35¢.

No. 4.—E. L. Corey, 1 brl. flour, $5.75; 10 lbs. tub butter at 24¢; ½ lb. pepper at 40¢; 1 box sardines, 35¢; 12 pickles, 15¢.

No. 5.—P. J. McGuire, Cottage Hotel, 1 case, 36 cans, tomatoes at 8¢; 1 case, 36 cans, corn at 8¢; 1 tub lard, 40 lbs., at 11¢; 1 brl., 212 lbs., sugar at 6¢; 3 doz. lemons at 25¢.

No. 6.—E. B. Woods, 1 brl. apples, $2.50; 1 lb. E. B. tea, 60¢; 1 lb. M. & J. coffee, 32¢; 5 lbs. print butter at 30¢; 1 clothesline, 30¢.

No. 7.—Chas. A. Dodge, 20 lbs. tub butter at 24¢; 1 bu. potatoes, 60¢; 1 sack pastry flour, $1.50; 1 gal. M. syrup, $1.25; 1 jug, 15¢.

No. 8.—Mrs. F. Gilford, 1 bu. potatoes, 60¢; 2 pkgs. shredded wheat biscuit at 12½¢; 10 lbs. tub butter at 24¢; 1 ham, 12 lbs., at 12½¢; 12 S. F. eggs, 25¢.

No. 9.—Mrs. A. Waldron, 1 brl. N. S. flour, $5.75; 5 lbs. tub butter at 24¢; 1 lb. E. B. tea, 60¢; 1 broom, 35¢; 1 pkg. gelatine, 15¢; 1 pkg. Cream of Wheat, 15¢.

No. 10.—Edward Austin, 12 S. F. eggs, 25¢; 1 brl. apples, $2.25; 1 bu. potatoes, 60¢; 1 can salmon, 24¢; 1 bottle O. oil, 35¢; 1 head lettuce, 5¢.

No. 11.—Mrs. Wm. Hanson, 1 brl. N. S. flour, $5.75; 1 bu. potatoes, 60¢; 20 lbs. G. sugar at 6½¢; ¼ cht., 18 lbs., Y. H. tea at 45¢.

No. 12.—A. B. Ryder, 1 brl. N. S. flour, $5.75; 1 bu. potatoes, 60¢; 1 brl. apples, $2.25; 1 bottle ketchup, 22¢; 1 qt. beans, 10¢; 1 lb. pork, 12¢.

Cash sales for the day, $184.96. (Make abstract, and enter in abstract sales book.)

Received cash as follows: Mrs. S. T. Worthen, Sept. account, $23.45; A. B. Ryder, $44.28; Wm. Harper, $20; Edward Austin, $28.74; E. L. Corey, $18.96; Mrs. Wm. Hanson, $11.42; merchandise sales, per cash tickets, $184.96.

Received of C. H. Stratton his note at 4 mos., with interest, for $212.40, to balance his account to Oct. 1st. (Enter in journal and bill book.)

Had your note at 90 days discounted at the City Bank, and received credit for the net proceeds. Face of note, $100; discount, 90 ds., $——; net proceeds, $——.

Deposited $125.

Paid cash as follows: (Checks) second hand safe, purchased of Diebold Safe Co., $100; S. M. Crockett & Co., invoice of 8th inst., less 3%; American Sugar Refining Co., invoice of Oct. 1st, less 1%; Gray Bros., invoice of even date, $162.45; Trent Commission Co., invoice of even date, $40.50. (Currency) office desk and fixtures, $30; salaries, Stuart, $12; Marsh, $20; Canfield, $12; freight, $57.42.

(Student) drew cash for private use, $50.

Balance your cash book.

OCTOBER 22, 190–.

Purchased of Gray Bros., City, for cash, 10 brls. apples at $2; 50 bu. potatoes at 45¢; 30 doz. case eggs at 15¢.

Bought from market wagons, 40 doz. S. F. eggs at 22¢; 50 hds. cabbage at 5¢; 400 lbs. squash at 1¢.

Bought of American Sugar Refining Co., 30 ds., 1/10, merchandise as per invoice, $124.72.

Bought of S. S. Pierce & Co., Boston, net 60, 3/10, merchandise valued as per invoice, $468.75.

Purchased of F. H. Leggett & Co., New York, net 60, 3/10, merchandise as per invoice, $344.70.

The following sales slips have been handed in by the salesmen.

No. 1.—A. B. Ryder, 1 pail mackerel, 20 lbs., $3.75; 1 sack pastry flour, $1.50; 12 S. F. eggs, 25¢; 1 box cigars, $5.50; 5 lbs. coffee at 30¢; 12 oranges, 35¢.

No. 2.—Mrs. Wm. Hanson, 1 bx., 5 lbs., codfish at 12¢; 1 ham, 18 lbs., at 12½¢; 1 case C. corn, 36 cans, at 8¢; 1 case C. tomatoes, 36 cans, at 8¢; 4 sacks pastry flour at $1.50; 2 brooms at 30¢.

No. 3.—Edward Austin, 1 ham, 12 lbs., at 12½¢; 12 eggs, 25¢; 10 lbs. G. sugar at 6½¢; 2 lbs. coffee at 32¢; 1 sack pastry flour, $1.50; 1 bottle bluing, 10¢; 1 can chicken, 40¢.

No. 4.—Mrs. A. Waldron, 1 can chicken, 40¢; 1 bunch celery, 15¢; 1 bottle O. oil, 75¢; 1 5-lb. can coffee, $1.50; 1 lamp, 50¢; 5 gals. K. oil at 13¢; 1 clothesline, 30¢.

No. 5.—Mrs. F. Gilford, 1 brl. N. S. flour, $5.75; 1 can tongue, 75¢; 5 bars I. soap at 5¢; 1 bottle ketchup, 22¢; 10 lbs. G. sugar at 6½¢.

No. 6.—Chas. A. Dodge, 5 lbs. lard at 12¢; 1 ham, 15 lbs., at 12½¢; 5 gals. K. oil at 13¢; 1 box cigars, $2.50; 1 broom, 35¢; 12 eggs, 25¢; 12 bananas, 25¢.

No. 7.—Mrs. S. T. Worthen, 1 cake Sapolio, 10¢; 2 lbs. coffee at 32¢; 5 lbs. lard at 12¢; 1 brl. N. S. flour, $5.75; 12 bananas, 25¢.

No. 8.—C. H. Stratton, Elm House, 500 cigars at $35 per M.; 200 cigars at $55 per M.; 1 ham, 26 lbs., at 12¢; 1 brl. N. S. flour, $5.50; 6 doz. S. F. eggs at 22¢; 20 doz. case eggs at 16¢; 1 tub butter, 52 lbs., at 22¢; 1 brl. G. sugar, 216 lbs., at 6¢; ½ cht. Y. H. tea, 60 lbs., at 40¢.

No. 9.—Wm. Harper, 1 sack pastry flour, $1.50; 10 lbs. tub butter at 24¢; 2 lbs. cheese at 16¢; 5 gals. K. oil at 13¢; 1 brl. apples, $2.50; 12 oranges, 35¢.

No. 10.—E. L. Corey, 1 ham, 16 lbs., at 12½¢; 20 lbs. G. sugar at 6½¢; 1 lamp, 40¢; 1 5-lb. can coffee, $1.50; 3 gals. K. oil at 15¢.

No. 11.—P. J. McGuire, Cottage Hotel, 200 cigars at $35 per M.; 1 brl. N. S. flour, $5.50; 1 doz. T. ketchup, $2.00; 1 tub butter, 50 lbs., at 22¢; ½ cht. Y. H. tea, 60 lbs., at 40¢; 5 gals. K. oil at 13¢; 1 lb. baking powder, 50¢.

No. 12.—E. B. Woods, 1 sack pastry flour, $1.50; 2 lbs. Rio coffee at 20¢; 5 lbs. lard at 12¢; 1 lb. chocolate, 30¢; 1 can tongue, 75¢; 1 bottle Worcestershire, 40¢; 1 pail mackerel, 10 lbs., $2.25.

Cash sales for the day, $242.36.

Received cash as follows: P. J. McGuire, $50; Mrs. A. Waldron, $20; merchandise sales, per cash tickets, $242.36.

Had your note at 4 mos. for $500, discounted at the City Bank, and received credit for the net proceeds.

Deposited $225.

Paid cash as follows: (Checks) Park & Tilford, invoice of 15th, $287.90, less 3%; St. Louis Milling Co., invoice of 15th, $450, less 5%. (Currency) Gray Bros., $47; goods from market wagons, $15.30; freight and cartage, $11.32; salaries, Canfield, $12; Stuart, $12; Marsh, $20.

Balance your cash book.

OCTOBER 29, 190–.

Purchased of Williams & Andrews, City, for cash, 2 bxs. oranges at $3.50; 2 bxs. lemons at $3; 4 tubs Cr. butter, 240 lbs., at 19¢; 5 bxs. cheese, 252 lbs., at 11¢.

Purchased of Cobb, Bates & Yerxa, Boston, subject to sight draft in 10 days, merchandise as per invoice, $262.74.

Bought of Park & Tilford, New York, net 60, 2/10, merchandise as per invoice, $68.74.

Bought of F. H. Leggett, New York, net 4 mos., 3/10, merchandise as per invoice, $168.94.

Purchased of S. S. Pierce & Co., Boston, net 60, 3/10, merchandise as per invoice, $88.45.

Purchased, for cash, country produce amounting to $16.42.

The following sales slips have been handed in by the salesmen.

No. 1.—E. B. Woods, 20 lbs. tub butter at 22¢; 15 lbs. G. sugar at 6½¢; 5 gals. K. oil at 13¢; ⅛ cht. Y. H. tea, 15 lbs., at 40¢; 1 lb. baking powder, 50¢.

No. 2.—P. J. McGuire, Cottage Hotel, 2 hams, 47 lbs., at 12¢; 1 brl. oatmeal, $4.75; 1 case Cr. of Wheat, 36 pkgs., at 12½¢; 6 brooms at 25¢; 6 doz. oranges at 25¢; 3 doz. lemons at 20¢.

No. 3.—E. L. Corey, 1 gal. maple syrup, $1.25; 5 bu. potatoes at 60¢; 1 broom, 35¢; 1 can ox tongue, 75¢; 1 bx. mustard, 15¢.

No. 4.—Wm. Harper, 1 ham, 18 lbs., at 12½¢; 3 cans peaches, 50¢; 5 lbs. coffee at 30¢; 10 lbs. G. sugar at 6½¢; 1 bx. gelatine, 15¢; 12 oranges, 35¢.

No. 5.—C. H. Stratton, Elm House, 1 tub lard, 54 lbs., at 10¢; 20 lbs. print butter at 23¢; 10 doz. S. F. eggs at 24¢; 1 case Germea, 36 pkgs., at 12½¢; 12 bxs. sardines at 25¢; 1 bx. lemons, $4.50; 1 brl. pastry flour, $6; 1 ham, 24 lbs., at 12¢; ⅛ cht. E. B. tea, 15 lbs., at 50¢.

No. 6.—Mrs. S. T. Worthen, 20 lbs. G. sugar at 6½¢; 5 lbs. Y. H. tea at 45¢; 1 can ox tongue, 75¢; 6 lemons, 15¢; 5 gals. K. oil at 13¢.

No. 7.—A. B. Ryder, ⅛ cht. E. B. tea, 15 lbs., at 50¢; 1 bu. potatoes, 60¢; 12 S. F. eggs, 26¢; 1 lamp chimney, 10¢; 1 can tomatoes, 10¢; 1 ham, 14 lbs., at 12½¢.

No. 8.—Mrs. Wm. Hanson, 1 brl. N. S. flour, $5.75; 25 lbs. oatmeal at 5¢; 1 pail mackerel, 10 lbs., $2.25; 1 brl. apples, $2.50; 20 lbs. G. sugar at 6½¢; 5 gals. K. oil at 13¢.

No. 9.—Edward Austin, 12 S. F. eggs, 26¢; 5 lbs. E. B. tea at 50¢; 10 lbs. tub butter at 22¢; 1 bx. mustard, 15¢; 2 cans corn at 10¢.

No. 10.—Mrs. A. Waldron, 3 lbs. print butter at 26¢; 1 sack pastry flour, $1.50; 1 ham, 12 lbs., at 12½¢; 10 lbs. G. sugar at 6½¢; 1 gal. molasses, 40¢; 1 lb. baking powder, 50¢.

No. 11.—Mrs. F. Gilford, 5 gals. K. oil at 13¢; 1 brl. apples, $2.75; 5 lbs. coffee at 30¢; 1 lamp, 35¢; 1 broom, 30¢; ¼ gr. matches, 25¢.

No. 12.—Chas. A. Dodge, 12 S. F. eggs, 26¢; 1 lb. coffee, 32¢; 1 brl. apples, $2.50; 1 wash tub, $1.10; 1 lb. chocolate, 30¢.

Cash sales for the day, $216.48.

Received cash as follows: P. J. McGuire, $50; Mrs. A. Waldron, $10; merchandise sales, per cash tickets, $216.48.

Deposited $150.

Paid cash as follows: (Checks) Williams & Andrews, invoice of even date, $86.32; 5 tons coal, $25. (Currency) salaries, Canfield, $12; Stuart, $10: Marsh, $20; country produce, $16.42; freight, $6.88.

Gave S. S. Pierce & Co., Boston, your note at 20 days, dated Oct. 25th, with interest, for amount of invoice of Oct. 15th, less 2%. (Enter in journal and bill book.)

Balance your cash book.

POSTING.

You may now post your books. Remember that in single entry you post only such transactions as affect personal accounts, and that only personal accounts appear in either the general or the card ledger.

The card ledger debits will be taken entirely from the statement sheets of the ledgerette file. Remove these statements from the file, and post only the totals to the corresponding cards of the card ledger, placing the date of each sales sheet in the explanation space (see model ledger card, page 207).

The card ledger credits will be found on the debit side of the cash book and in the journal. Turn to your cash book and post all cash debits which have been received from persons whose names appear in the card ledger (see form, page 204). Place a check mark against each name in the cash book. Turn to your journal and post any items which may affect customers' accounts, placing a check mark against each item to indicate posting.

Your own account and the accounts with those business houses of whom you purchase goods, and all other personal accounts, except those with customers, will be found in the general ledger, and the postings to these accounts will be made from the journal, the purchase book, and the cash book. Open accounts in your general ledger as follows, allowing one-third page to each account: Page 1, your own account. Page 2, Adams & Hackland, Hackett Bros., E. J. Dunn Grocery Co. Page 3, American Sugar Refining Co., S. M. Crockett & Co., Park & Tilford. Page 4, S. S. Pierce & Co., St. Louis Milling Co., F. H. Leggett & Co. Page 5, Cobb, Bates & Yerxa.

Post from the purchase book the amount of each on account invoice to the credit of the account named; then post from the journal and the cash book such items as should be carried to these accounts. Place check mark against each cash item.

Having completed your posting, make an abstract of your card ledger, showing the amount due from each customer.

From your bill book find the notes receivable in your possession, and from your cash book find the amount of cash on hand.

From your general ledger find the amounts due your creditors, and from your bill book find the notes you have outstanding.

Your inventory shows the following results.

Merchandise on hand, valued at $4400.63,
Office safe, etc., " " 125.00.

From the above data prepare a statement of resources and liabilities, according to the following model.

STATEMENT OF RESOURCES AND LIABILITIES.

	Resources.		
	Cash, balance on hand,		$ . .
	Merchandise, per inventory,		. .
	Office safe and fixtures,		. .
	Accounts receivable, per card ledger, as under:		
	Mrs. S. T. Worthen,	$ . .	
	A. B. Ryder,	. .	
	C. H. Stratton,	. .	
	Mrs. Wm. Hanson,	. .	
	Wm. Harper,	. .	
	Edward Austin,	. .	
	Edward L. Corey,	. .	
	Mrs. A. Waldron,	. .	
	P. J. McGuire,	. .	
	Mrs. Fred Gilford,	. .	
	E. B. Woods,	. .	.
	Chas. A. Dodge.	. .	. .
	Notes receivable, per bill book,		. .
	Liabilities.		
	Accounts payable, per general ledger as under:		
	Adams & Hackland,	. .	
	American Sugar Refining Co.,	. .	
	Park & Tilford,	. .	
	S. S. Pierce & Co.,	. .	
	F. H. Leggett & Co.,	. .	
	Cobb, Bates & Yerxa,	. .	.
	Notes payable, per bill book,		.
	Present Worth,*		.

Find the net gain or the net loss according to the form given below.

PROPRIETOR'S STATEMENT.

	(Student),	invested	$ . .	
	"	withdrew	. .	
	"	net investment		$ . .
	"	present worth		. .
	"	net loss*		$ . .

CONTINUATION OF OCTOBER BUSINESS

The business of the past month has shown a small loss, but as the sales are increasing, you have decided to continue the business and take a partner, J. M. Marsh, your present delivery clerk, and to add a department of meats, fish and poultry to your grocery business.

J. M. Marsh invests as follows:

Note in his favor, dated Sept. 4th, at four months from date, signed by Edward W. Lawrence, indorsed by E. W. Lynch. Face of note, $942.68; discount for unexpired time, $——; net value of note, $——.

Note in his favor, dated Sept. 19th, at four months, with interest, signed by George M. Kelly, indorsed by Wm. H. Kelly & Co. Face of note, $622.85; interest due on note to date, $——; value of note and interest, $——.

Horse, wagon, and harness, now used for delivering goods, valued at $250.

Cash, sufficient to make his investment equal your own worth, as shown by your statement of Oct. 31st.

Draw up articles of copartnership, showing investments of each partner, and containing the following conditions.

(Student) shall act as bookkeeper and cashier, and shall have general charge of the inside management of the store; shall receive all cash, sign all notes, checks, and other negotiable paper of the firm, and attend to the purchase of all groceries.

J. M. Marsh shall have charge of the delivery of goods, the taking of orders, with such assistance as may be necessary, and shall attend to the buying of all country produce and provisions.

Each partner shall give his entire time to the business, and shall be entitled to draw, for living expenses, cash not to exceed $100 per month, or its equivalent in goods from the store at cost.

The profits and losses of the business shall be divided equally at the end of each year, or at such period as the books may be closed.

Make a bill of sale, disposing of your entire resources to the firm of (Student) & Marsh, subject to the payment of your liabilities, as shown by your statement of Oct. 31st, the consideration being the two notes, horse, wagon, harness, and cash invested by Marsh.

It has been decided to keep the books by double entry from this date. No new books will be required.

INSTRUCTIONS FOR CHANGING FROM SINGLE TO DOUBLE ENTRY.

Turn to your statement of resources and liabilities. Open an account with *Merchandise*, carrying to the debit side the amount of your inventory. Open an account with *Furniture & Fixtures*, carrying to the debit side the value of the safe and furniture. Open an account with *Bills Receivable*, carrying to the debit side the amount of C. H. Stratton's note. Open an account with *Bills Payable*, placing on the credit side the total amount of notes outstanding. Enter the loss, as shown by the statement of your own account, Oct. 31st, on the debit side of your ledger account, with the explanation, *Net Loss*, in red ink. Close the account, and bring down your present worth to the credit side, under date of Nov. 1st.

Take a trial balance, including the balance of cash, as shown in your cash book, and the balances of customers' accounts, as shown in your card ledger; the debits and credits

should be equal. Your books are now ready to be kept by double entry in the following transactions.

The footing of the Amount of Invoice column of the purchase book should be posted to the debit of *Merchandise* at the end of the month, as it contains all purchases of merchandise. The footing of the Monthly Sales column of the abstract sales book should be posted to the credit of *Merchandise*, as it contains all the sales of merchandise.

In your cash book you should enter in the first space the name of the account affected, and in the second space the explanation, as in the cash book of July, pages 136 and 137.

In the journal proceed as in double entry journal, pages 6 and 7.

Make a journal entry, showing the conditions of the partnership, and debit and credit such accounts as are affected by these transactions.

You are now ready to proceed with the work of November.

WORK FOR THE STUDENT.

NOVEMBER 1, 190–.

Engage Geo. Carter as meat cutter, at $15.per week, and Willis Holt as driver and order clerk, at $15 per week.

Purchased of Armour & Co., Chicago, 30 ds., 2/10, dressed meat, as per invoice, $132.21.

Purchased of Swift & Co., Chicago, 30 ds., 2/10, beef, mutton and lard, as per invoice, $142.38.

Bought of Gray Bros., City, for cash, 5 tubs butter, 212½ lbs., at 20¢; 2 bxs. cheese, 104 lbs., at 11¢.

Bought of E. J. Dunn Grocery Co., City, 4 mos., 5/10, 2 hf. chts. Japan tea, 120 lbs., at 25¢; 2 hf. chts. E. B. tea, 120 lbs., at 32¢; 2 bales Mocha coffee, 300 lbs., at 25¢; 2 mats Java coffee, 150 lbs., at 26¢; 1 pail cinnamon, 25 lbs., at 25¢.

Purchased of M. S. Newton & Sons, Boston, 30 ds., 2/10, fish, as per invoice, $18.39.

Bought country produce from market wagons, for cash, $18.44.

The following sales slips have been handed in by the salesmen.

No. 1.—Chas. A. Dodge, 8 lbs. rib roast at 16¢; 20 lbs. G. sugar at 6½¢; 12 lemons, 25¢; 1 brl. Graham flour, $5.25; 1 bx. macaroni, 35¢; 1 bottle Worcestershire, 40¢.

No. 2.—Thomas B. Tucker, Tucker's Tavern, 10 lbs. porterhouse at 22¢; 6 lbs. lamb chops at 16¢; 22 lbs. ham at 12¢; 6 doz. S. F. eggs at 25¢; 12 lbs. fish at 10¢; 5 bu. potatoes at 60¢; 1 case Germea, 36 pkgs., at 12¢.

No. 3.—Mrs. Fred Gilford, 7 lbs. pork roast at 12¢; 20 lbs. tub butter at 24¢; 1 sack Graham flour, $1.25; ½ lb. cinnamon at 50¢; ½ bu. beans at $3; 1 bottle T. ketchup, 22¢.

No. 4.—E. B. Woods, 12 lbs. turkey at 18¢; 1 qt. oysters, 40¢; 1 can Java coffee, 10 lbs., at 30¢; 1 gal. molasses, 50¢; 1 lb. cocoa, 55¢; 3 doz. S. F. eggs at 28¢.

No. 5.—Mrs. Wm. Hanson, 1 tub butter, 42 lbs., at 22¢; 4 doz. S. F. eggs at 28¢; 8 lbs. pork roast at 15¢; 10 lbs. beef roast at 16¢; 5 lbs. round steak at 14¢; 5 lbs. Java coffee at 30¢; 1 case C. peas, 36 cans, at 12¢.

No. 6.—Wm. Harper, 7 lbs. lamb at 16¢; 5 bu. potatoes at 60¢; 1 sack Graham flour, $1.25; 1 gal. maple syrup, $1.25; 5 lbs. print butter at 28¢; 1 bottle capers, 30¢.

No. 7.—E. L. Corey, 8 lbs. corned beef at 12¢; 20 lbs. tub butter at 24¢; 1 sack pastry flour, $1.50; 1 bx., 12 lbs., prunes, at 12¢; 1 lb. baking powder, 50¢; 1 hd. cabbage, 10¢.

No. 8.—James B. Longley, Star Restaurant, 10 lbs. sirloin steak at 18¢; 12 lbs. porterhouse steak at 20¢; 1 ham, 24 lbs., at 12¢; 6 doz. S. F. eggs at 25¢; 1 doz. T. ketchup, $2.25; 1 doz. Crown olives, $3; 18 lbs. turkey at 16¢.

No. 9.—A. B. Ryder, 6 lbs. veal roast at 18¢; 1 qt. oysters, 40¢; 3 bu. potatoes at 60¢; 20 lbs. G. sugar at 6½¢; 1 sack buckwheat flour, $1; 1 gal. maple syrup, $1.25; 1 lb. baking powder, 50¢.

No. 10.—C. H. Stratton, 20 lbs. sirloin steak at 15¢; 12 lbs. porterhouse at 18¢; 22 lbs. sirloin roast at 15¢; 10 lbs. pork roast at 12¢; 39 lbs. turkey at 15¢; 1 brl. N. S. flour, $5.50; 1 brl. Graham flour, $4.75; 5 gals. maple syrup at $1.15; 1 sack buckwheat flour, $1; 1 hf. cht. Japan tea, 60 lbs., at 35¢.

No. 11.—Mrs. S. T. Worthen, 1 pr. chickens, 9 lbs., at 16¢; 1 bu. potatoes, 60¢; 24 lbs. tub butter at 25¢; 1 lb. baking powder, 50¢.

No. 12.—P. J. McGuire, 10 lbs. sirloin at 16¢; 5 doz. S. F. eggs at 28¢; 200 cigars at $35 per M.; 100 cigars at $55 per M.; 15 lbs. chicken at 15¢; 6 lbs. ox tongue at 20¢.

Enter the sales on customers' monthly statement sheets exactly as in October.

Cash sales for the day, $321.45.

Your cash book now becomes the ordinary double entry cash book, and you must give the name of each account affected by any transaction, the same as in cash books of May, June and July. Where merchandise sales or purchases are made, place a check mark in the ledger folio column of the cash book opposite *Merchandise*, as these amounts are posted to the Merchandise account from the purchase book and the abstract sales book, and not from the cash book.

Received cash as follows: Investment of J. M. Marsh, $578.37; Mrs. F. Gilford, payment of October account, $24.25; E. B. Woods, on account, $25; Mrs. A. Waldron, balance of September account, $9.48; merchandise sales, per cash tickets, $321.45. (Enter these amounts on the debit side of your cash book.)

Deposited $800.

Paid cash as follows: (Checks) Adams & Hackland, on account, $100; American Sugar Refining Co., invoice of Oct. 22d, less 1%; F. H. Leggett & Co., invoice of Oct. 22d, less 3%; Gray Bros., City, invoice of even date, $53.94. (Make entries the same as in previous double entry cash books.) (Currency) merchandise from market wagons, $18.44; stamps and postals, $2.50; replacing broken window, $4.75; freight, $2.17 (debit *Freight*); salaries, Canfield, $6; Stuart, $6 (debit *Salaries*).

(Student) drew for private use, cash, $25. Marsh drew for private use, cash, $20.

Gave S. S. Pierce & Co. note at 30 ds., with interest, to pay invoice of Oct. 22d, less 3%. (Enter in journal and bill book.)

Balance your cash book.

NOVEMBER 8, 190–.

Purchased of Hackett Bros., City, 60 ds., 2/10, 10 brls. K. oil, 642 gals., at 9½¢; 1 hhd. Golden Drip syrup, 96 gals., at 37½¢; 2 brls. salt pork at $6.25.

Bought of S. M. Crockett & Co., 60 ds., 3/10, 5 gross bluing at $7.25; 1 gross T. ketchup, 144 bottles, at 11¢; 36 one-gallon cans M. syrup at 95¢.

Bought of Gray Bros., City, net 30, 2/10, 5 cases eggs, 60 doz., at 15¢; 130 lbs. turkey at 13¢; 65 lbs. chicken at 12¢.

Purchased from market wagons, for cash, $28.65.

Purchased of American Sugar Refining Co., New York, net 30, 1/10, invoice amounting to $69.98.

Bought of Armour & Co., Chicago, net 30, 2/10, invoice of pork and sausage, $98.37.

Bought of Swift & Co., Chicago, net 30, 2/10, invoice of beef and mutton, $102.40.

Purchased of M. Newton & Sons, Boston, net 30, 2/10, invoice of fish and oysters, $19.69.

The following sales slips have been handed in by the salesmen.

No. 1.—E. L. Corey, 6 lbs. chicken at 15¢; ½ brl. Graham flour at $5.50; 1 gal. maple syrup, $1.25; ¼ bu. beans, 80¢; 5 gals. K. oil at 13¢; 12 lbs. G. sugar at 6½¢; 1 gal. pickles, 50¢.

No. 2.—Wm. Harper, 10½ lbs. chicken at 16¢; 1 brl. pastry flour, $6; 2 doz. case eggs at 22¢; 12 oranges, 35¢; 1 bottle extract vanilla, 40¢; 2 pkgs. shredded wheat, 25¢; 1 broom, 35¢.

No. 3.—Mrs. Wm. Hanson, 6 lbs. pork chops at 12¢; 8 lbs. round steak at 14¢; 12 lbs. sirloin roast at 15¢; 11½ lbs. pork roast at 12¢; 1 brl. pastry flour, $6; 3 doz. bananas at 20¢; 1 gal. vinegar, 25¢.

No. 4.—Mrs. S. T. Worthen, 8 lbs. sirloin roast at 20¢; ½ brl. G. flour, $2.75; 12 S. F. eggs, 28¢; 2 lbs. cheese at 16¢; 1 5-lb. can Java coffee, $1.50; 12 lemons, 25¢.

No. 5.—Edward Austin, 2 lbs. round steak at 16¢; 8 lbs. corned beef at 12¢; 1 hd. cabbage, 10¢; 1 bu. potatoes, 60¢; ⅛ cht. E. B. tea, 15 lbs., at 55¢; 1 bottle T. ketchup, 24¢; 12 eggs, 28¢.

No. 6.—Mrs. A. Waldron, 8 lbs. lamb roast at 16¢; 20 lbs. G. sugar at 6½¢; 5 lbs. tub butter at 25¢; 1 brl. Graham flour, $5.25; 1 gal. pickles, 50¢; 2 pkgs. shredded wheat, 25¢.

No. 7.—Chas. A. Dodge, 9 lbs. turkey at 16¢; 2 qts. cranberries at 10¢; 1 bu. potatoes, 60¢; 12 case eggs, 22¢; 1 box cigars, $5.50; 1 gal. vinegar, 25¢.

No. 8.—James B. Longley, 1 sack buckwheat flour, $1.50; 1 gal. M. syrup, $1.25; 5 gals. S. pickles at 40¢; 1 brl. K. oil, 42 gals., at 11¢; 20 lbs. chicken at 14¢; 28 lbs. rib roast at 14¢; 16 lbs. pork roast at 11¢; 15 lbs. sirloin roast at 15¢; 17 lbs. porterhouse at 18¢.

No. 9.—Mrs. F. Gilford, 9½ lbs. turkey at 16¢; 1 qt. oysters, 40¢; 20 lbs. G. sugar at 6½¢; 1 bu. potatoes, 60¢; 1 lb. baking powder, 50¢; 12 oranges, 35¢.

No. 10.—P. J. McGuire, 10 lbs. sirloin roast at 16¢; 20 lbs. rib roast at 14¢; 10 lbs. pork roast at 12¢; 16 lbs. turkey at 16¢; 1 brl. N. S. flour, $5.50; 1 brl. pastry flour, $5.75; 1 doz. T. ketchup, $2; 6 doz. oranges at 25¢.

No. 11.—E. B. Woods, 11¼ lbs. sirloin roast at 16¢; 5 bu. E. R. potatoes at 55¢; 1 brl. apples, $2.75; 10 lbs. lard at 12½¢; 20 lbs. G. sugar at 6½¢; 1 bottle bluing, 10¢; ½ brl. G. flour at $5.50.

No. 12.—Thomas B. Tucker, 12 doz. S. F. eggs at 26¢; 15 lbs. sirloin steak at 16¢; 1 brl. N. S. flour, $5.50; 1 brl. pastry flour, $5.75; 1 brl. oatmeal, $5.25; 1 sack buckwheat, $1.50; 5 gals. M. syrup at $1.15.

No. 13.—C. H. Stratton, 22 lbs. porterhouse at 18¢; 31 lbs. beef, sirloin, at 15¢; 26 lbs. lamb at 15¢; 12 lbs. pork chops at 10¢; 10 bu. potatoes at 55¢; 1 mat Java coffee, 75 lbs., at 28¢; 48 lbs. butter at 25¢; 30 doz. case eggs at 18¢.

Cash sales for the day, $388.74.

Received cash as follows: A. B. Ryder, October account, $38.30; Mrs. S. T. Worthen, on account, $15; P. J. McGuire, balance of September account, $19.34; T. B. Tucker, on account, $30; merchandise sales per cash tickets, $388.74.

Had the note of E. W. Lawrence discounted at the City Bank, and received credit for the net proceeds. Face of note, $942.68; discount, $——; amount credited, $——.

Deposited $300.

Paid cash as follows: (Checks) Cobb, Bates & Yerxa, draft at sight for invoice of Oct. 29th; Park & Tilford, invoice of Oct. 29th, less 2%; F. H. Leggett & Co., invoice of Oct. 29th, less 3%; Armour & Co., invoice of Nov. 1st, less 2%; Swift & Co., invoice of Nov. 1st, less 2%; M. S. Newton & Sons, invoice of Nov. 1st, less 2%; bay horse, $125 (debit *Horse, Wagon & Harness* account); delivery wagon, $100. (Currency) merchandise from market wagons, $28.65; cleaning windows, $1.25; board of horse, $5; harness, $31; freight, $1.96; salaries, Canfield, $12; Stuart, $12; Carter, $15; Holt, $15.

Received of C. H. Stratton his note at 60 ds., with interest added, to settle October account. Amount of account, $266.09; interest, 60 ds., $——; face of note, $——.

Returned to E. J. Dunn Grocery Co., 1 bale Mocha coffee, 150 lbs., at 25¢. Too much of this kind was ordered.

Balance your cash book.

NOVEMBER 15, 190–.

Purchased of Armour & Co., Chicago, net 30, 2/10, invoice amounting to $116.20.

Purchased of Swift & Co., Chicago, net 60, 3/10, invoice amounting to $178.95.

Bought of M. S. Newton & Sons, Boston, net 30, 2/10, invoice amounting to $28.44.

Bought of S. S. Pierce & Co., Boston, 60 ds., 3/10, invoice amounting to $246.39.

Purchased of Park & Tilford, New York, net 30, 2/10, invoice amounting to $63.44.

Bought of Cobb, Bates & Yerxa, Boston, acceptance 30 ds. from date, invoice amounting to $213.42.

Bought merchandise from market wagons, for cash, $63.42.

The following sales slips have been handed in by the salesmen.

No. 1.—C. H. Stratton, 1 brl. G. sugar, 217 lbs., at 6¢; 1 brl. N. S. flour, $5.50; 1 brl. pastry flour, $5.75; 1 bx. oranges, $4.75; 20 doz. S. F. eggs at 25¢; 20 lbs. fresh fish at 11¢; 12 lbs. sirloin steak at 15¢; 22 lbs. sirloin roast at 15¢; 500 cigars at $35 per M.; 200 cigars at $55 per M.

No. 2.—A. B. Ryder, 8 lbs. beef roast at 16¢; 12 S. F. eggs, 28¢; ½ brl. G. flour at $5.50; 10 lbs. lard at 12½¢; ¼ bu. beans at $3.20.

No. 3.—Wm. Harper, 1 qr. lamb, 16 lbs., at 15¢; 10 lbs. lard at 12½¢; 6 lemons, 15¢; 12 S. F. eggs, 25¢; 2 lbs. cheese at 16¢; 1 sack buckwheat flour, $1.25.

No. 4.—Mrs. Wm. Hanson, 5 lbs. lamb chops at 16¢; 18 lbs. ham at 11¢; 8 lbs. round steak at 14¢; 1 case C. tomatoes, 36 cans, at 8¢; 1 case C. corn, 36 cans, at 8¢; 1 brl. G. flour, $5.25; 1 lb. pepper, 65¢; 1 lb. ginger, 60¢.

No. 5.—Edward Austin, 2 lbs. halibut at 20¢; 6 lbs. sirloin roast at 16¢; 20 lbs. G. sugar at 6½¢; 12 S. F. eggs, 28¢; 1 brl. apples, $2.75; 1 bottle T. ketchup, 24¢; 1 lamp, 40¢.

No. 6.—Thomas B. Tucker, 1 tub butter, 42½ lbs., at 22¢; 1 cheese, 28½ lbs., at 12½¢; 1 case C. tomatoes, 36 cans, at 8¢; 1 case C. corn, 36 cans, at 8¢; 1 case C. peas, 36 cans, at 12½¢; 22½ lbs. fresh fish at 12¢; 26½ lbs. chicken at 14¢; 18 lbs. sirloin steak at 15¢; 24 lbs. sirloin roast at 15¢.

No. 7.—J. B. Longley, 1 brl. N. S. flour, $5.75; 1 brl. pastry flour, $6; 32½ lbs. turkey at 15¢; 21 lbs. lobster at 16¢; 5 gals. oysters at $1.20; 15 lbs. codfish at 12½¢; 1 brl. G. sugar, 231 lbs., at 6¢.

No. 8.—Chas. A. Dodge, 6½ lbs. veal roast at 16¢; 12 lbs. G. sugar at 6½¢; 12 S. F. eggs, 28¢; 1 bx. dried peaches, 10 lbs., at 15¢; ¼ gr. matches, 25¢.

No. 9.—Mrs. A. Waldron, 9½ lbs. turkey at 16¢; 10 lbs. lard at 12½¢; 1 gal. vinegar, 25¢; 1 lb. E. B. tea, 60¢; 1 qt. pickles, 15¢; 2 lbs. raisins at 15¢.

No. 10.—P. J. McGuire, 1 tub butter, 43½ lbs., at 22¢; 1 tub lard, 48 lbs., at 11¢; 22½ lbs. rib roast at 14¢; 11½ lbs. pork roast at 10¢; 8 lbs. sirloin steak at 15¢; 1 case eggs, 30 doz., at 20¢; 1 doz. C. tomatoes, $1.

No. 11.—E. B. Woods, 7½ lbs. chicken at 15¢; 15 lbs. tub butter at 22¢; 3 lbs. raisins at 15¢; 2 lbs. citron at 20¢; 2 lbs. dried currants at 12½¢; 8 lbs. beef at 8¢.

No. 12.—Mrs. F. Gilford, 4½ lbs. chicken at 15¢; 1 sack buckwheat flour, $1.25; 1 gal. M. syrup, $1.25; 5 lbs. lard at 12½¢; 1 bx. dried apricots, 5 lbs., at 20¢; 2 pkgs. shredded wheat, 25¢.

Cash sales for the day, $362.28.

Received cash as follows: E. B. Woods, balance, Oct. acct.; Mrs. A. Waldron, on account, $20; E. L. Corey, to balance October account; C. A. Dodge, to balance October account; James B. Longley, on account, $25; merchandise sales, per cash tickets, $362.28.

Had C. H. Stratton's note of Oct. 15th discounted at the City Bank, and net proceeds placed to credit. Face of note, $212.40; interest, 4 mos., $——; discount, 92 ds., $——; net proceeds, $——.

Deposited, $400.

Paid cash as follows: (Checks) Adams & Hackland, on account, $200; E. J. Dunn Grocery Co., invoice of Nov. 1st., less 5% (deduct $37.50, amount of goods returned); note in favor of S. S. Pierce & Co., due Nov. 14th, with interest; face of note, $458.95; interest, $——; Armour & Co., invoice of Nov. 8th, less 2%; American Sugar Refining Co., invoice of Nov. 8th, less 1%; insuring stock of groceries and fixtures one year from date; policy, $3500; premium, 1%. (Currency) purchases from market wagons, $63.42; shoeing horse, $1.25; board of horses, $10; salaries, Canfield, $12; Stuart, $12; Holt, $15; Carter, $15; telegrams and telephone service, $1.87; freight, $17.42.

J. M. Marsh drew cash for private use, $60. (Student) drew cash for private use, $50.

Received of P. J. McGuire his note at 90 ds., with interest, to balance on October account.

Accepted Cobb, Bates & Yerxa's draft at 30 ds. for the amount of their invoice received this day.

Balance your cash book.

NOVEMBER 22, 190–.

Bought of Gray Bros., City, 60 ds., 3/10, 92 lbs. turkey at 14¢; 56 lbs. chicken at 12½¢; 60 doz. S. S. eggs at 22¢.

Bought of Armour & Co., Chicago, net 30, 2/10, invoice amounting to $112.20.

Purchased of Swift & Co., Chicago, net 60, 3/10, invoice amounting to $168.30.

Purchased of M. S. Newton & Sons, Boston, net 30, 2/10, invoice amounting to $34.62.

Bought merchandise from market wagons, for cash, amounting to $46.28.

The following sales slips have been handed in by the salesmen.

No. 1.—Mrs. A. Waldron, 2 lbs. sirloin at 16¢; 9½ lbs. rib roast at 14¢; 15 lbs. G. sugar at 6½¢; 1 bx. dried peaches, 10 lbs., at 12¢; 1 can peas, 15¢; 1 bu. potatoes, 60¢.

No. 2.—P. J. McGuire, 2 brls. Baldwin apples at $2.50; 10 bu. E. R. potatoes at 55¢; 24 doz. case eggs at 18¢; 20 hds. cabbage at 8¢; 42 lbs. beef, sirloin, at 15¢; 18 lbs. fresh fish at 12¢; 1 brl. N. S. flour, $5.50.

No. 3.—Mrs. S. T. Worthen, 20 lbs. G. sugar at 6½¢; 10 lbs. lard at 12½¢; 12 S. F. eggs, 28¢; 1 brl. apples, $2.75; ½ brl. pastry flour at $6; 6½ lbs. sirloin roast at 16¢; 1 bottle bluing, 10¢; 1 bx. stove polish, 12¢.

No. 4.—A. B. Ryder, 1 bx. dried peaches, 10 lbs., at 12¢; 12 S. F. eggs, 28¢; 15 lbs. G. sugar at 6½¢; 9½ lbs. turkey at 16¢; 1 bx. poultry dressing, 25¢; 1 qt. oysters, 35¢.

No. 5.—C. H. Stratton, 2 brls. N. S. flour at $5.50; 1 brl. pastry flour, $5.75; 2 brls. apples at $2.50; 1 bx. oranges, $4.25; 16 lbs. sirloin steak at 15¢; 24 lbs. sirloin roast at 14¢; 18 doz. S. F. eggs at 25¢; 1 bu. beans, $3.

No. 6.—Mrs. Wm. Hanson, 2 pkgs. rolled oats, 25¢; 5 doz. case eggs at 22¢; 25 lbs. G. sugar at 6½¢; 12 lbs. rib roast at 14¢; 1 5-lb. can Java coffee, $1.50; 1 can E. B. tea, 10 lbs., at 50¢.

No. 7.—Wm. Harper, 9 lbs. chicken at 15¢; 4 lbs. salt pork at 10¢; 12 S. F. eggs, 28¢; 12 oranges, 35¢; 1 lb. E. B. tea, 60¢; 15 lbs. G. sugar at 6½¢.

No. 8.—E. L. Corey, 2 lbs. sirloin steak at 16¢; 5½ lbs. veal roast at 18¢; 1 bx. dried prunes, 10 lbs., at 15¢; 1 brl. apples, $2.75; 1 lb. chocolate, 40¢.

No. 9.—T. B. Tucker, 25 doz. S. F. eggs at 24¢; 20 bu. E. R. potatoes at 50¢; 40 hds. lettuce at 2¢; 1 case Cream of Wheat, 36 pkgs., at 12½¢; 42½ lbs. beef, sirloin, at 15¢; 1 hf. cht. E. B. tea, 50 lbs., at 60¢; 1 mat Java coffee, 75 lbs., at 28¢.

No. 10.—James B. Longley, 1 mat Rio coffee, 75 lbs., at 15¢; 1 hf. cht. Japan tea, 50 lbs., at 35¢; 2 gal. oysters at $1.25; 1 tub butter, 40½ lbs., at 22¢; 28 lbs. fresh fish at 12¢; 12 doz. case eggs at 18¢.

No. 11.—E. B. Woods, 1 qt. oysters, 40¢; 6 lbs. pork loin at 12½¢; 10 lbs. lard at 12½¢; 1 lamp, 65¢; 1 lb. chocolate, 40¢; 1 lb. baking powder, 50¢.

No. 12.—Edward Austin, 8½ lbs. corned beef at 12¢; 1 hd. cabbage, 10¢; 5 gals. K. oil at 13¢; 12 S. F. eggs, 28¢; 12 oranges, 35¢; 1 5-lb. can Java coffee, $1.50.

Cash sales for the day, $422.16.

Received cash as follows: Mrs. S. T. Worthen, balance of October account; Mrs. Wm. Hanson, $25, to apply on account; Wm. Harper, to balance October account; E. Austin, to balance October account; T. B. Tucker, $50, to apply on account; merchandise sales, per cash tickets, $422.16.

Discounted at the City Bank G. M. Kelly's note, dated Sept. 19th, at 4 months, with interest. Face of note, $622.85; interest, $——; discount, $——; net proceeds placed to credit, $——.

Deposited $400.

Paid cash as follows: (Checks) Hackett Bros., invoice of Nov. 8th, less 2%; S. M. Crockett & Co., invoice of Nov. 8th, less 3%; Swift & Co., invoice of Nov. 8th, less 1%. (Currency) board of horses, $10; railroad mileage ticket, 500 miles, $10; salaries, Canfield, $12; Stuart, $12; Holt, $15; Carter, $15; freight, $1.45; purchases from market wagons, $46.28.

Gave S. S. Pierce & Co. our note at 60 ds., with interest, to pay invoices of Oct. 29th and Nov. 15th, less 3%.

Balance your cash book.

NOVEMBER 29, 190–.

Purchased of Cobb, Bates & Yerxa, acceptance 30 ds., merchandise invoiced at $182.77.

Bought of Armour & Co., Chicago, net 30, 2/10, invoice amounting to $83.49.

Purchased of Swift & Co., Chicago, net 30, 2/10, invoice amounting to $87.96.

Bought of M. S. Newton & Sons, Boston, net 30, 2/10, merchandise invoiced at $28.42.

Bought of S. S. Pierce & Co., Boston, net 60, 3/10, invoice amounting to $63.14.

Purchased merchandise from market wagons, for cash, $62.46.

The following sales slips have been handed in by the salesmen.

No. 1.—Mrs. S. T. Worthen, 2½ lbs. sirloin steak at 16¢; 1 lb. ceylon tea, 80¢; 12 oranges, 35¢; 1 broom, 30¢; 2 lbs. raisins at 15¢.

No. 2.—A. B. Ryder, 1 bx. cigars, $5.50; 1 brl. pastry flour, $6; 12 oranges, 35¢; 8½ lbs. lamb roast at 16¢; 15 lbs. G. sugar at 6½¢; 12 S. F. eggs, 28¢.

No. 3.—C. H. Stratton, 42½ lbs. butter at 24¢; 64 lbs. turkey at 15¢; 2 gals. oysters at $1.20; 1 brl. G. sugar, 217 lbs., at 6¢; 1 case Ceylon tea, 50 lbs., at 52¢; 22 doz. S. F. eggs at 26¢.

No. 4.—Edward Austin, 9½ lbs. turkey at 16¢; ½ brl. pastry flour at $6; 12 bananas, 25¢; 1 pkg. gelatine, 15¢; 1 bx. honey, 22¢.

No. 5.—E. L. Corey, 12½ lbs. turkey at 16¢; 1 qt. oysters, 35¢; 1 bx. cigars, $3.50; 1 can peas, 15¢; ¼ gr. matches, 25¢; 6 lbs. loaf sugar at 8¢.

No. 6.—P. J. McGuire, 200 cigars at $55 per M.; 500 cigars at $35 per M.; 42 lbs. lamb at 12¢; 1 brl. G. sugar, 231 lbs., at 6¢; 22 lbs. beef, sirloin, at 15¢; 1 mat Java coffee, 75 lbs., at 28¢.

No. 7.—Mrs. A. Waldron, 1 brl. pastry flour, $6; 20 lbs. tub butter at 25¢; 6½ lbs. veal roast at 18¢; 1 can peas, 15¢; ½ lb. pepper at 80¢; 2 pkgs. shredded wheat, 25¢.

No. 8.—Mrs. Fred Gilford, 8½ lbs. sirloin roast at 16¢; 1 brl. pastry flour, $6; 4 lbs. dried peaches at 12¢; 12 S. F. eggs, 28¢; 1 can peas, 15¢.

No. 9.—Chas. A. Dodge, ½ brl. pastry flour at $6; 8½ lbs. sirloin roast at 16¢; 1 lb. cocoa, 40¢; 1 5-lb. can Java coffee, $1.50; 1 qt. pickles, 15¢; 2 lbs. cheese at 16¢; 5 lbs. print butter at 30¢.

No. 10.—T. B. Tucker, 1 hf. cht. E. B. tea, 60 lbs., at 50¢; 1 gal. Olive oil, $2.50; 22 lbs. fresh fish at 12¢; 48 lbs. beef, sirloin, at 15¢; 1 doz. T. ketchup, $2; 1 brl. G.

sugar, 226 lbs., at 6¢; 10 bu. E. R. potatoes at 55¢; 1 brl. pastry flour, $6; 103 lbs. winter squash at 2¢.

No. 11.—James B. Longley, 26 lbs. lobster at 16¢; 3 gals. oysters at $1.25; 500 oysters, New York count, at 60¢ per C.; 52 lbs. turkey at 15¢; 1 gal. Olive oil, $2.50; 22 lbs. sirloin steak at 15¢.

No. 12.—Mrs. Wm. Hanson, 1 brl. N. S. flour, $5.75; 4 doz. case eggs at 20¢; 23½ lbs. turkey at 15¢; 9½ lbs. fresh fish at 12¢; 1 case corn, 36 cans, at 8¢; 1 case tomatoes, 36 cans, at 8¢.

Cash sales for the day, $436.98.

Received cash as follows: Mrs. A. Waldron, to balance October account; Mrs. Wm. Hanson, to balance October account; J. B. Longley, on account, $25; merchandise sales, per cash tickets, $436.98.

Sold one of the horses used on delivery wagon, on account of being too light for service, for $90.

Had C. H. Stratton's note of the 8th discounted. Face of note, $268.75; discount, $——; net proceeds placed to credit, $——.

Deposited $350.

Paid cash as follows: (Checks) Adams & Hackland, on account, $200; Cavanaugh Bros., for bay horse to replace the one sold this day, $125; M. S. Newton & Sons, bills of Nov. 8th and Nov. 15th, less 1%; Armour & Co., invoice of Nov. 15th, less 2%; Swift & Co., bill of Nov. 15th, less 3%. (Currency) purchases from market wagons, $62.46; freight, $4.27; board of horses, $10; shoeing horse, $1.25; salaries, Canfield, $12; Stuart, $12; Carter, $15; Holt, $15.

J. M. Marsh drew cash for private use, $25. (Student) drew cash for private use, $25.

Balance your cash book.

DIRECTIONS FOR POSTING NOVEMBER.

First.—Post your statement sheets to the proper cards of the card ledger. From the debit side of the cash book and from the journal post such items as belong on the credit side of the card ledger.

Second.—Post the footing of the Amount of Invoice column of the purchase book to the debit side of Merchandise account in your general ledger, and post each separate invoice, except cash items, to the credit of their respective accounts in the general ledger.

Third.—Post the amount in the Monthly Sales column of the abstract sales book to the credit side of Merchandise account in your general ledger.

Fourth.—Post the Merchandise Discount column, on the credit side of the cash book, to the credit of Merchandise Discount in the general ledger. Post each item in this column to the debit of the person or firm allowing the discount, as in the July cash book.

Post cash entries as in the month of July.

Fifth.—Post the journal as in all double entry sets.

The inventory of unsold merchandise amounts to $4595.21. Horses, wagon, and harnesses are valued at $500. Safe and office fixtures, valued at $112.50. Unexpired insurance, $32.08.

Take a trial balance, and make statements of losses and gains and resources and liabilities. Close the general ledger.

QUESTIONS.

1. In what respect does a single entry ledger differ from the ledger of a business in which the books are kept by double entry?

2. How would you keep a record of cash transactions, and how would you determine the amount of bills receivable and the amount of bills payable at any stated time?

3. How would you keep a record of your merchandise?

4. Is it possible to show as complete a record of the business by single entry as by double entry?

5. What does the single entry journal contain?

6. Describe the sales sheet, and explain its use in the retail grocery business. Why are sales sheets written in duplicate?

7. Describe the method of making cash sales and of recording the amounts of such sales.

8. To what books are the cash sales of the day carried?

9. Explain the abstract sales sheet and the abstract sales book.

10. Of what is the purchase book an abstract, and what will the footing of its Amount of Invoice column show?

11. What will the total footing of the abstract sales book show at any time?

12. Where are the items of the sales sheets carried, and when should this be done?

13. What should the customer's monthly statement contain, and what should his account in the ledger contain?

14. What advantages has the card ledger over the ordinary book form of ledger?

15. How should customers' statements be posted to the card ledger?

16. What additional accounts must be opened in the ledger when changing from single entry to double entry?

17. How do you obtain the necessary balances of the additional ledger accounts?

18. From what books do you obtain the postings to your Merchandise account during November?

JOINT STOCK COMPANIES AND CORPORATIONS.

The immense increase of business during the latter half of the nineteenth century has made it practically impossible to manufacture, or, in fact, to conduct any of the leading forms of commercial enterprises without a large investment of capital. It is seldom that an individual, or a practical working partnership, which should contain only a limited number of members, is possessed of sufficient funds, and the corporation or joint stock company is the natural outgrowth of these conditions, just as the trust, now so prominent a subject of discussion, is the natural outgrowth of the fierce competition between rival corporations.

THE JOINT STOCK COMPANY.

This is in reality a partnership in which the affairs of the business are conducted by officers chosen by the stockholders. Its advantage over the ordinary form of partnership lies in the fact that it enables a larger number of investors to associate themselves in business than could work effectively as ordinary partners, and the death of a shareholder or the sale of his interest in the business does not make a dissolution of partnership necessary, since his stock, under the act of incorporation, may be sold or transferred like any other personal property.

LIABILITY OF STOCKHOLDERS.

The stockholders of a joint stock company are, under the common law, personally liable for the debts of the business conducted, the same as ordinary partners; that is, each stockholder is personally liable for the entire debts of the joint stock company, but in most states this liability may be limited to the amount of the stock subscribed, provided the joint stock company prints the word "Limited," and the amount of its capital upon all paper of the company. For instance, the heading "Cleveland Iron Works, Limited, Capital Stock $50,000," would indicate that each stockholder of this company is liable to the extent of his stock subscription only. Limited stock companies are much more common in England than in the United States, and must comply strictly with the statute laws governing their organization and conduct.

THE CORPORATION.

Formerly, corporations were organized by direct act of the legislature of the state in which their charter was granted, but the popularity of this form of organization has become so great that most states now have a general statute under which corporations may be formed without delay or difficulty whenever the requisite number of persons decide to associate themselves in the carrying on of whatever business may be selected. The ability of many people of limited capital to combine under efficient management, and without incurring liability beyond the amount of their stock subscription, has been one of the chief sources of the tremendous industrial and commercial growth of this country.

The incorporated joint stock company, or as it is more commonly known, the corporation, has largely taken the place of the joint stock company. A corporation consists of an association of several persons, as provided for by the statute laws of the state in which the corporation is organized. These persons organize for the purpose of carrying on some particular line of business, as stated in their charter. They subscribe a certain amount of money to be used as capital stock, and then, after the election of the necessary officers,

proceed in the transaction of their business precisely as a private partnership or joint stock company, with the advantages that, in case of the death of any stockholder, no dissolution is necessary, or in case a partner desires to dispose of his stock, he may do so by sale, or otherwise, without affecting the corporation. The feature which has made the corporation so popular is that each individual stockholder is, generally speaking, liable only for the amount of his individual subscription.

TRUSTS.

Trusts are combinations of corporations, and are organized by the transfer of a majority of the stock of each corporation to a central committee, or board of trustees, who issue to the stockholders certificates showing that though they have parted with their stock they are still entitled to dividends. Such combinations make it possible to reduce the cost of manufacturing, bookkeeping, selling, etc., and furthermore, to limit production in their line of business. The sharp competition of recent years, which has often caused goods to be sold at less than cost, has done much to bring trusts into favor with the stockholders of corporations. Tobacco, sugar, steel wire, and numerous other commodities, are now controlled by great trusts having enormous capital; that of the wire trust alone is ninety million dollars.

THE ORGANIZATION OF A CORPORATION.

The statutes of the various states specify how many stockholders a corporation must include. In New York, at least three persons of 21 years of age must unite to form a corporation; in some states, five or more are required. These people come together and make a certificate which contains

First, the name of the corporation, which in some states must begin with the word "the" and end with the word "company."

Second, the place where the corporation proposes to do business, or locate its principal office.

Third, the nature of the business it proposes to carry on.

Fourth, the amount of its capital, and the number and par value of its shares.

Fifth, the duration of the corporation.

Sixth, such other information as the statute may require.

This certificate is filed in the office of the secretary of state, and he issues a license to the persons making such certificate, authorizing them to open books for subscription to the capital stock of the corporation. Subscription books are then opened, and the capital stock of the company is disposed of by subscription, or otherwise. A certain amount, prescribed by the statute, must be subscribed before the corporation is permitted to do business. After such stock has been subscribed for, and such payment of the subscription made as is required by the statute, a meeting of the subscribers is called, officers are chosen, and by-laws are made. A record of these proceedings is filed with the secretary of state, and a certificate is issued by him to the effect that the corporation is fully organized and authorized to do business under the laws of the state. The organization of a corporation requires a thorough knowledge of the statutes of the state under which it is organized, and no attempt to do business should be made until the statute requirements have been fully met and the corporation organized under legal direction. It is always

economy to secure the services of a lawyer familiar with corporation affairs in effecting such an organization and in conducting all operations of the corporation that are required to comply with the laws of the state in which it is organized.

CERTIFICATES OF STOCK.

Certificates of stock are issued to subscribers as soon as their subscriptions are paid, and these stock certificates are transferable, either wholly or in part, at will, unless a subscriber be indebted to the corporation, in which case they cannot be transferred without the consent of a majority of the stockholders.

INCREASE OR DIMINUTION OF CAPITAL STOCK.

In most states the capital stock of a corporation may be increased or diminished by a vote of the stockholders holding a majority of the stock, but all statutes set a limit to the amount of increase, and in no case can the stock be decreased to an amount less than the liabilities of the corporation, and such amount of increase or decrease of capital stock must be filed with the secretary of state when this increase or decrease is voted.

LIABILITY OF STOCKHOLDERS.

In general, the individual liability of a stockholder ceases when he has paid the amount of his stock subscription, provided the capital stock subscribed has already been paid, but if any remains unpaid, the stockholders who have paid their subscriptions are also individually liable for the amount of the unpaid stock; and in some cases, notably national banks, the subscribers to stock are liable for double the amount of their subscriptions.

LOSSES AND GAINS OF A CORPORATION.

The losses and gains of a corporation are found through the Loss and Gain account, the same as in any other business, but from this account they are carried to a Surplus account, which contains on its credit side the gain of the business, or on its debit side the loss of the business. The Surplus account is allowed to remain open until a dividend is declared, when *Dividend* is credited and *Surplus* debited for the amount of the dividend.

DIVIDENDS.

The division of profits among the stockholders of a corporation is made by means of a dividend, which is seldom the full amount of the gain, as it is desirable to create a surplus which may be drawn upon as required. Corporations aim to declare regular dividends of a fixed per cent at stated periods, so that their stock may form a desirable investment to capitalists. It is evident that in dull and unprosperous periods of business there may be no profits to divide. It is customary, therefore, to leave in the surplus sufficient funds to provide for a dividend, even though there be no profits in a time of business depression.

Sometimes the Loss and Gain account is closed by declaring a dividend for a certain amount at the time the gain is ascertained, placing this amount to the debit of *Loss* and *Gain*, at the same time debiting *Loss* and *Gain* with surplus for the balance of gain, and transferring these amounts from the Loss and Gain account to the Dividend and Surplus accounts respectively, but the first method is preferable.

TREASURY STOCK.

Sometimes only a part of the capital stock is subscribed for before business is commenced, and the balance is retained with a view to selling it at a later period, either to

provide money for running expenses or to make extensions of business; this unsold stock is known as "treasury stock." Or, it may be found that the entire capital stock has been used for machinery, materials, etc., and in this case sometimes the stockholders, instead of increasing capital stock to get money to carry on the business, donate a pro rata amount of stock to the treasury, and this stock is sold to secure funds as required.

WATERED STOCK.

Watering stock consists in issuing shares without any equivalent addition to the cash capital of the corporation. These shares are distributed among the stockholders, generally for speculative purposes. When this watered stock is issued as a stock dividend, it is generally done by debiting *Loss and Gain* for the amount of the issue.

THE BOOKS OF A CORPORATION.

The ordinary books of account for conducting a corporation business will be precisely the same as those of a private business, since the transactions will not differ, but a number of auxiliary books are required to show the operations connected with the corporate affairs of the business. These comprise the minute book, subscription book, stock certificate book, transfer book, dividend book, and stock ledger.

Minute Book. This book should contain a record of all the meetings of the stockholders and the board of directors, and is generally kept by the secretary of the corporation. No special form of keeping this book is required, as it is simply a record of the proceedings, and its form is immaterial, provided it contains an accurate report of the proceedings of all the meetings.

Subscription and Instalment Book. This book contains a list of the subscribers to the stock with the number and the par value of the shares subscribed for by each, and if paid for in instalments, a separate space for each instalment.

The following form illustrates the instalment subscription book.

INSTALMENT SUBSCRIPTION BOOK.

Subscribed.					Paid Instalments of 25 Per Cent. Each.												
Date. 1894.	Number of Shares.	Value of Share.	Signature.	Certificate No.	First Instalment.		Second Instalment.		Third Instalment.		Fourth Instalment.		In what Paid.
					Date. 1895.	Amount.	Date. 1896.	Amount.	Date. 1896.	Amount.	Date. 1896.	Amount.	
Dec. 1	750	75000	W. J. Hilton.	1	Dec. 1	18750	Jan. 1	18750	Feb. 1	18750	Mch. 1	18750	Sundries.
1	300	30000	E. M. Hilton.	2	1	7500	1	7500	1	7500	1	7500	"
1	250	25000	C. B. Hilton.	3	1	6250	1	6250	1	6250	1	6250	"
1	200	20000	E. C. Wardner.	4	20	5000	1	5000	1	5000	1	5000	Cash.
6	150	15000	J. A. Carter.	5	20	3750	1	3750	1	3750	1	3750	"
10	50	5000	Geo. Lacy.	6	20	1250	1	1250	1	1250	1	1250	"
12	50	5000	Thos. Henderson.	7	20	1250	1	1250	1	1250	1	1250	"
20	40	4000	Jas. Daniels.	8	20	1000	1	1000	1	1000	1	1000	"
20	10	1000	R. H. Merriam.	9	20	250	1	250	1	250	1	250	"

Sometimes an instalment book is kept separately from the subscription book, and as each instalment is paid the subscriber receives a script certificate for the amount of his instalment, and when all the instalments have been paid, he exchanges his script certificates for a stock certificate, which will show the full amount of his subscription.

Stock Certificate Book. This is a book of blank certificates and stubs, and these certificates are issued to the stockholders as soon as their subscriptions are fully paid and the stubs are filled out, and from them is made up the credit side of the stock ledger, in which each stockholder receives credit for the number of shares of stock held by him.

On the back of each certificate is a blank bill of sale, by which the stockholder may transfer his stock to any other person.

The form on page 232 illustrates the stock certificate book and the manner of filling the certificate and stub.

Transfer Book. This is a book of printed forms and blanks to be filled in whenever a stockholder sells his stock, or any part of it, to another person, and each certificate signed by the seller, or his attorney, authorizes the transfer of a certain number of shares of stock from the account of the seller to the account of some other person named in the certificate. The transfer book serves as a journal to the stock ledger, and from it are made all entries to that book after the original stock issue of the business has been entered in the stock ledger. (See form below.)

STOCK TRANSFER BOOK.

Numbers of Certificates Cancelled.	Shares Cancelled.	Ledger Folio.	TRANSFERRED BY
34	200	27	Chas. H. Sewell
Numbers of New Certificates Issued.	**New Shares Issued.**		**TO**
73	200	42	A. C. Miner

For Value Received, I do hereby assign and transfer to A. C. Miner

Two Hundred Shares of the Capital Stock of

The Central National Bank of Pittsburgh, Pa.

Witness my hand and seal, this 4 day of June, 190

Sealed and delivered in the presence of

D. C. Turner

Chas. H. Sewell [L.S.]

[L.S.]

Stock Ledger. This book is auxiliary to the general ledger, and its credit balance plus Treasury Stock balance should always agree with Capital Stock balance in the general ledger. The stock ledger contains the name of every person holding stock of the company, either by original issue or by transfer. It is made up originally from the stub of the stock certificate book, and as stock is issued each holder is credited in the stock ledger with the par value of his stock. When all the stock is issued, it is evident that the sum of these credits will equal the capital stock, as shown on the credit side of that account in the general ledger.

After the opening entries, all entries in the stock ledger should be made from the stub of the transfer book, and as these entries always consist of a debit to a seller of stock

Certificate

No. 427

For forty Shares
Issued to
Geo. H. Kelvy.

Dated June 10, 1899.
From whom transferred

Dated

No. Original Certificate.	No. Original Shares.	No. of Shares Transferred.

Received Certificate No. 427,
for forty Shares
this 10 day of June 1899.
Geo. H. Kelvy.

232

INCORPORATED UNDER THE LAWS OF THE
STATE OF PENNSYLVANIA.
NUMBER
427
SHARES
40
The Central National Bank
OF PITTSBURGH.
THIS CERTIFIES THAT Geo. H. Kelvy is the owner of
Forty Shares of the Capital Stock of
The Central National Bank of Pittsburgh,
transferable only on the Books of the Bank in person
or by Attorney on surrender of this Certificate.
In Witness Whereof, the duly authorized officers of this Bank have hereunto
subscribed their names and caused the corporate Seal to be hereto affixed at Pittsburg, Pa.
this Tenth day of June A.D. 1899.
A. Tucker
CASHIER.
R. D. Owens.
PRESIDENT.
SHARES
$100

whose name is already in the stock ledger, and a credit of an equal amount to a buyer whose name must be entered in the stock ledger for a like amount, it is evident that the credit balance of the stock ledger plus the treasury stock will always equal the capital stock.

Dividend Book. In this book, against the name of each person who has an account in the stock ledger, is recorded the amount due him when a dividend is declared. This book may contain a space for the signature of each stockholder acknowledging the receipt of his dividend, but in large corporations these dividends are generally paid by voucher checks, which are in themselves receipts.

The following forms illustrate the dividend book and the dividend check.

FORM OF DIVIDEND BOOK.

8th Semi-Annual Dividend. July 1, 190 6%.

NAME OF STOCKHOLDER.	ADDRESS.	No. OF SHARES.	AMOUNT OF DIVIDEND.	WE HEREBY ACKNOWLEDGE RECEIPT OF ACCOMPANYING DIVIDEND.
Geo. H. Howry	Buffalo, N. Y.	100	600	Geo. H. Howry.
C. M. Hunt	" "	150	900	C. M. Hunt.
A. L. McMillan	New York,	400	2400	A. L. McMillan.
Thos. J. Arthur	Troy, N. Y.	200	1200	Thos. J. Arthur
L. C. Collins	Albany, N. Y.	100	600	L. C. Collins.
W. H. Johnson	" "	200	1200	W. H. Johnson.

FORM OF DIVIDEND CHECK.

DIVIDEND NO. 8.

THE Merchants National Bank No. 2031

Buffalo, N.Y. July 1, 190

PAY TO THE ORDER OF

Geo. H. Howry $600.*

Six Hundred Dollars

C. R. Rollins CASHIER.

OPENING THE BOOKS OF A CORPORATION.

If the corporation is an entirely new business, it is a simple matter to open its books, as shown in the following propositions.

Proposition. James Brown, William Harper, Charles Edwards, Maurice Chaney and William Upton have formed the American Motor-Carriage Company, with a capital stock of one hundred thousand dollars, of which Brown, Harper and Edwards have subscribed $30000 each, and Chaney and Upton $5000 each. The minute book would show the proceedings of such meetings as had been held, and as soon as all the stock is subscribed for the following journal entry should be made.

Subscription,	100000.00	
Capital Stock,		100000.00

This journal entry should be posted to the general ledger.

Suppose these stock subscriptions are to be paid in two instalments, one due Jan. 1st and the other due Feb. 1st. When the first of these instalments is paid, it is evident that the cash book of the corporation should contain a debit entry of $50,000, and that *Subscription* should be credited for this amount, since it was from subscription that the cash was received.

ENTRY.

CASH, DR.

190–.				
Jan. 1	Subscription,	instalment No. 1,		50000.00

And this amount being posted to the general ledger will cancel half the Subscription account. If the company commences business without collecting the balance of the capital stock, its books for purchase of material, sale of goods, payment of expenses, etc., will be precisely the same as if it were an ordinary partnership.

When the second instalment is paid, there will be another entry of

CASH, DR.

190–.				
Feb. 1	Subscription,	instalment No. 2,		50000.00

And this being posted to the general ledger will balance the Subscription account, showing that it is all paid in. The stock will now be issued, and from the stub of the stock certificate book will be posted to the stock ledger $30000 each to the credit of Brown, Harper and Edwards, and $5000 each to the credit of Chaney and Upton—$100000 in all—which agrees with the amount of the capital stock in the general ledger. The books are now opened, and the business may proceed.

Proposition. Jan. 1, 190–. The Silver Lake Ice Company has been incorporated with a cash capital of $37500, distributed as follows: Edward F. Martin, 100 shares; Geo. Martin, 100 shares; Fred Martin, 50 shares; Geo. Allen, 5 shares; Wm. Ryan, 50 shares; David Ryan, 70 shares, at a par value of $100 each. The stock is paid for in four equal assessments of 25% each, dated Jan. 1st, Feb. 1st, July 1st and July 20th. Make a journal entry to open the books and the four cash book entries required, supposing all instalments are paid when due. What names and amounts would appear in your stock ledger when the stock is issued?

TO CLOSE THE BOOKS OF A BUSINESS ALREADY IN OPERATION, AND REOPEN AS A STOCK COMPANY.

Proposition. The firm of Warren & Carson have been engaged in the manufacture of furniture, and they propose to continue business as The Warren & Carson Manufacturing Company, with a capital stock of $100000, the stock to be divided as follows: W. A. Warren to receive 500 shares and E. B. Carson 250 shares. C. M. Harris has subscribed for 50 shares; D. J. Jones, 50 shares; D. E. Leavitt, 50 shares; and 100 shares are kept as treasury stock, to be disposed of for the benefit of the business when so voted by the directors. The resources and liabilities of the firm of Warren & Carson as as follows:

RESOURCES.

Real Estate,	$20000.
Cash,	7500.
Merchandise,	49800.
Unfinished Goods,	24200.
Raw Material,	38700.
Bills Receivable,	22690.50
Accounts Receivable,	41987.50
Total,	$204878.00

LIABILITIES.

Mortgage on real estate,	$15000.00
Bills Payable,	46965.50
Accounts Payable,	72912.50
	$134878.00
Warren's net worth,	46664.75
Carson's net worth,	23335.25
Total,	$204878.00

If it is desired to open a new set of books, as is generally the case when a corporation is formed, it is necessary first to close the old books, which should be done by making a journal entry as follows:

Warren & Carson Furniture Co.,	204878.00	
Real Estate		20000.00
Cash,		7500.00
Merchandise,		49800.00
Unfinished Goods,		24200.00
Raw Material,		38700.00
Bills Receivable,		22690.50
Accounts Receivable,		41987.50

Posting this entry will balance all resource accounts. Then should follow the journal entry of

Mortgages Payable,	15000.00	
Bills Payable,	46965.50	
Accounts Payable,	72912.50	
W. A. Warren,	46664.75	
E. B. Carson,	23335.25	
The Warren & Carson Furniture Co.,		204878.00

Posting this entry will close all liability accounts, the partners' accounts, and also balance The Warren & Carson Furniture Co. account, and close the books of the old business.

To open corporation books, as in the case of a new corporation, the capital stock, $100000, must appear on the credit side of the general ledger. The amount of the resources of the old business must appear as debit balances, and the liabilities as credit balances. The names of Warren and Carson must not appear in the general ledger of the corporation, as their worth at closing has been absorbed by the capital stock. Make the following journal entry.

Subscription,	15000.00	
Treasury Stock,	10000.00	
Real Estate,	20000.00	
Cash,	7500.00	
Unfinished Goods,	24200.00	
Merchandise,	49800.00	
Raw Material,	38700.00	
Bills Receivable,	22690.50	
Accounts Receivable,	41987.50	
Good Will,	5000.00	
Mortgages Payable,		15000.00
Bills Payable,		46965.50
Accounts Payable,		72912.50
Capital Stock,		100000.00

Referring to the statement of resources and liabilities of Warren & Carson, it will be seen that the actual difference between the resources and liabilities of that firm is $70000. For this amount W. A. Warren has received $50000 worth of the capital stock in the new corporation, and E. B. Carson has received $25000 worth, a total of $75000, or $5000 more than the actual difference between the resources and liabilities of their firm. It may be very justly assumed that the good will of the old business was worth this amount, and thus *Good Will* should be debited for $5000 of the stock, or the word "franchise" may be used, if preferred. The remaining $25000 of the $100000 capital stock is balanced by the debit of Subscription, $15000, and Treasury Stock, $10000. Post this journal entry to the main ledger of the new books, and the books of the corporation are correctly opened.

When this entry has been made, Warren should receive $50000 worth of stock certificates and Carson $25000 worth of stock certificates, since their worth in the individual partnership business has been absorbed in the capital stock of the corporation.

When the subscriptions of the new stockholders, Harris, Jones and Leavitt, are paid, an entry of Cash, Dr., $15000, and Subscription, Cr., $15000, will be made, and stock issued to Harris, Jones and Leavitt to the amount of $5000 each, making a total of $90000 on the credit side of the stock ledger. This leaves a difference of $10000 between the stock ledger credits and the credit of Capital Stock in the main ledger. But there is treasury stock yet to be sold, amounting to $10000, and whenever this is sold, *Cash* will be debited and *Treasury Stock* credited, thus canceling the Treasury Stock account, while capital stock will be issued to the purchasers, and the amounts entered in the stock ledger, thus completing the $100000 necessary to make it agree with the Capital Stock account in the main ledger.

TO CONTINUE THE BOOKS OF A PRIVATE OR ORDINARY PARTNERSHIP BUSINESS AS THE BOOKS OF A CORPORATION.

In the proposition just advanced and explained, let us suppose that the corporation does not care to go to the expense of purchasing new books, but desires to make such entries as will continue the books of the private partnership as corporation books. Examining the journal entry on page 236, it will be seen that the accounts showing the resources and liabilities of the private business are not changed after they have been closed in the books of the partnership and transferred to the books of the corporation; therefore, no entries of these accounts are necessary, as they will have the same balances, whether the business be a partnership or a corporation.

To change the books from a partnership to a corporation, make the following entry in the journal.

W. A. Warren,	46664.75	
E. B. Carson,	23335.25	
Subscription,	15000.	
Treasury Stock,	10000.	
Good Will,	5000.	
Capital Stock,		100000.00

Post this entry to the main ledger, and you have the books correctly opened.

The stock ledger, of course, will be opened exactly as in the first proposition, since the conditions are not changed. The capital stock is made up of the surplus of resources over liabilities (which is shown by the net worth of W. A. Warren and E. B. Carson, $70000); of subscription, $15000; of treasury stock, $10000; and of the good will, or franchise, estimated to be worth $5000. The above journal entry will balance the personal accounts of Warren & Carson, and also show the amount of subscription due, the treasury stock on hand, and the value of the good will, or franchise, while Warren & Carson will receive credit on the stock ledger for $75000 worth of capital stock, leaving the remaining $25000 to be credited to the proper persons when the subscription is paid and the treasury stock disposed of.

A VOUCHER SYSTEM OF ACCOUNTS.

Within the past few years there has been a great advance in the systematizing of accounts, and in the proper distribution of the various items of expenditure. This systematic accounting originated in the books of railroad companies, and the interstate commerce act, requiring a uniform system of bookkeeping by all the railroad companies of the United States, has done much to secure a uniform and scientific system of accounts among these great corporations; and it is perhaps in the books of railroad companies and other large corporations, which can afford to pay accountants of high ability, that the voucher system of accounts is seen in its highest stage of development. It is, however, easily adaptable to any business, and possesses many advantages, which will readily be seen when it is applied.

The work for the student in the month of December will show the voucher system of accounts as applied to the books of a corporation engaged in the manufacture of high grade shoes.

It is not claimed that the transactions afford a completely scientific exposition of shoe manufacturing accounts, the object being rather to show the voucher system, but in the collection of data the books of some of the largest shoe and leather houses in Rochester, N. Y., and Lynn, Brockton, and Boston, Mass., have been freely consulted.

The following form illustrates the voucher to be attached to a bill of leather received from Cutler & Porter, of Springfield, Mass., purchased on 4 months' time with 5% discount for cash.

VOUCHER NO. 2654

To Cutler & Porter Dr.
Springfield, Mass.

Terms: Net 4m., 5% cash

..THE..
W. J. Hilton Shoe Co.
Manufacturers of
BOOTS AND SHOES.

ACCOUNT.	DATE.						
Materials	Nov.	3	Materials as per invoice	1896	75		
			5%	94	84	1801	91

Extension and distribution certified by ..... Bookkeeper.
Prices " " ..... Buyer.
Receipt of Goods " " ..... Rec. Clerk.

Approved by
George Lacy
Manager.

Received ..... 190 .... of The W. J. HILTON SHOE CO.,
Eighteen hundred one and 91-100 - - - - - - - - - - Dollars,
in full settlement of account as above.
$ 1801.91

PLEASE DATE, SIGN, AND RETURN PROMPTLY.

The voucher should be pinned, or pasted, to the original bill after it has been certified by the bookkeeper, the buyer, and the receiving clerk, or at least by the bookkeeper, and then invoice and voucher together should be presented to the president or the manager for his approval, after which an abstract of the voucher should be entered in the voucher register (see pages 246 and 247), which will show in the When Due column the date upon which each bill should be paid. When due, or a day or two earlier, the vouchers should be detached from the invoices, and the bookkeeper should calculate the discount, if any, to

which each invoice is entitled, and deduct it on the voucher, so that the net amount due will appear in its second money column, after which the voucher should be presented to the treasurer, who should make out a check for the amount due, and the check should be enclosed with the voucher and sent to the person of whom the invoice was purchased. The voucher is an abstract of the original bill, and on the back, under "Charged To," is shown the business account, or accounts, to which it is charged. (See model below.)

CASH.

Voucher No. 2654

The W. J. Hilton Shoe Co.,

(Your place.)

To Cutler & Porter

$ 1896.75

Paid Oct. 5 190 Check No. 2654

CHARGED TO

	1896	75
Materials,		
Mill Supplies,		
Machinery and Tools,		
Real Estate,		
Furniture and Fixtures,		
Labor,		
Foremen's Salaries,		
Salesmen's "		
Officer's "		
Office Help,		
Freight,		
Fuel, Light and Oil,		
Traveling Expenses,		
Expense,		
Lasts and Patterns,		
Office Supplies,		

The following form illustrates a voucher check, and it will be noted that even if the voucher is not returned, as requested, the check itself is a full receipt for the payment of said voucher.

FORM OF VOUCHER CHECK.

No. 2654 Oct. 5, 190

(Your place here.)

Commercial Bank

Pay to the order of Cutler & Porter $1801.91

Eighteen hundred one 91/100 Dollars.

full payment of Voucher #2654

in College Currency. W. J. Hilton Shoe Co.

E. M. Hilton, Treas.

In case a number of bills have been purchased from one house, and it is desired to send the payment all at one time, the bookkeeper should not attach vouchers to invoices when received, but should have the invoices verified and file them without the vouchers. When it is desired to pay these invoices, prepare a single voucher to cover the entire number of invoices paid; for example, invoices received of Gould & Lincoln, Boston, as follows: Nov. 1st, net, $275.85; Nov. 20, 2% 10 ds., $345.85; Nov. 30, 2% 10 ds., $400. It is desired to pay these bills Dec. 5th. The following voucher would be prepared.

FORM OF VOUCHER.

VOUCHER NO. 2678

To Gould & Lincoln Dr.
Boston

..THE..
W. J. Hilton Shoe Co.
Manufacturers of
BOOTS AND SHOES.

Terms:
ACCOUNT. DATE.

Materials	Oct.	1	Net			275	85
Mchy.		20	2-10 ds.	345	85		
"		30	2-10 ds.	400			
				745	85		
			2% discount	14	92	730	93
						1006	78

Extension and distribution certified by ..... Bookkeeper.
Prices " " ..... Buyer.
Receipt of Goods " " ..... Rec. Clerk.

Approved by
George Lacy.
Manager.

Received ..... 190 ..., of The W. J. HILTON SHOE CO.,
Ten hundred six and 78-100 - - - - - - - - - - - - - - Dollars,
in full settlement of account as above.
$ 1006.78

PLEASE DATE, SIGN, AND RETURN PROMPTLY.

CASH.
Voucher No. 2678
The W. J. Hilton Shoe Co.,
(Your place.)
To Gould & Lincoln
$ 1021.70
Paid Nov. 1 1900 Check No. 242

CHARGED TO		
Materials,	275	85
Mill Supplies,		
Machinery and Tools,	745	85
Real Estate,		
Furniture and Fixtures,		
Labor,		
Foremen's Salaries,		
Salesmen's "		
Officer's "		
Office Help,		
Freight,		
Fuel, Light and Oil,		
Traveling Expenses,		
Expense,		
Lasts and Patterns,		
Office Supplies,		

Freight bills and other accounts of like nature would generally be paid in this manner, although some bookkeepers would prepare a separate voucher for each invoice. This, however, is requiring an unnecessary amount of work. Many business houses pay all invoices received from the first to the 10th on the 10th, all invoices received from the 10th to the 20th on the 20th, all invoices received from the 20th to the 30th on the first of each month, and regard these as cash payments; and their customers, if notified of this method of payment, generally do not object to receiving such payments and allowing cash discounts.. Many business houses have a check prepared as a part of the voucher, and the voucher and check are sent as one to the creditor, thus ensuring the return of the voucher, as it must pass through the bank with the check, which is not detachable.

Voucher Register. This is the distinctive book of the voucher system of accounts, and by its use it is possible to dispense entirely with accounts payable, since the total amount of Vouchers Payable Credit column, as shown in the register, will show the total credits which would be carried to accounts payable in the ordinary form of bookkeeping, while the total amount of Vouchers Payable Debit column will show the debits that would be carried to accounts payable. Of course the difference between the footings of Vouchers Payable Credit and Vouchers Payable Debit columns should show at any time the amount of vouchers unpaid, which will be the accounts payable of the business, and these can readily be proved by comparing with the actual vouchers on file.

As soon as a bill has been examined, a voucher should be made out and certified by the proper parties, after which the distribution of the items to the proper accounts should be made on the back of the voucher; and from this distribution should be made the entries in the voucher register, where as many columns may be provided as the business may require, and these columns may be classified so as to show whether the items of cost were incurred in the first cost, manufacturing expenses, selling expenses, or such other divisions of the business as may be found advisable.

The advantages of such divisions of the expenses of a business cannot be overestimated, as it will be seen by a little study of the register that by the use of the footings of the various columns and the output or product of the business; that is, the number of shoes manufactured in a given period, an approximate cost of almost any department of the work may be obtained. For instance, suppose there were on hand at beginning $10000 worth of leather, and at closing there is on hand $8000 worth, then $10000 minus $8000, or $2000, plus the footing of the Leather column in the voucher register, divided by the number of shoes made in December, will give the average cost per shoe for leather during that month. The same may be applied to the expense of selling, of manufacturing, etc. These divisions of expense will correspond with the divisions of the Loss and Gain account, as shown in the statement of losses and gains at the end of the year.

When a voucher is paid, the usual entry is made on the credit side of the cash book, with the exception that in the left-hand explanation space should be written *Voucher*, with its number, instead of the name of the account payable settled (see form of cash book, pages 246 and 247).

SHOE MANUFACTURING BUSINESS.

The W. J. Hilton Shoe Company was organized as a stock company Jan. 1, 1895. Its capital stock of $200000 is held as follows: W. J. Hilton, $85000; E. M. Hilton, $40000; E. C. Wardner, $35000; Geo. Lacy, $10000; James Daniels, $9000; R. H. Merriam, $1000; and $20000 of stock remains in the treasury.

The president of the corporation is W. J. Hilton; vice-president, E. C. Wardner; secretary, R. H. Merriam; treasurer, E. M. Hilton; general manager, Geo. Lacy.

The members of the board of directors are W. J. Hilton, E. M. Hilton, James Daniels, R. H. Merriam, and Geo. Lacy.

The salary of the president is $2000; of the treasurer, $1000; of the secretary, $1000; of the general manager, $3000. R. H. Merriam, the secretary, is also the auditor of the books. (Student) will act as head bookkeeper.

WORK FOR THE STUDENT.

The trial balance taken Nov. 30, 190–, shows the following balances in the general ledger. You may enter these balances, except Cash, in your general ledger. Allow one-third page to each account, except Merchandise Sales, which should have one-half page space. Make the date of entry Dec. 1, 190–, and write *Balance* in the explanation space. Enter the cash balance, $17582.78, in your cash book on the debit side.

TRIAL BALANCE, NOVEMBER 30, 190–

Capital Stock,		200000.00
Treasury Stock,	20000.00	
Good Will,	30000.00	
Surplus,		20860.00
Reserve for Bad Debts,		1470.00
Undivided Profits,		1425.10
Interest & Discount,	126.17	
Taxes,	823.37	
Discount on Purchases,		6831.26
Discount on Sales,	8853.89	
Merchandise Sales,		422189.85
Merchandise Returned,	2685.40	
Bills Receivable,	4895.00	
Accounts Receivable,	44008.00	
Vouchers Payable,		30629.00
Bills Payable,		13500.00
Real Estate,	73742.50	
Collection & Exchange,	448.20	
Machinery & Tools,	60280.10	
Furniture & Fixtures,	3580.40	
Cash (in bank),	17582.78	
Materials,	224375.60	

Labor,	139993.75	
Freight,	3835.60	
Foremen's Salaries,	4580.00	
Lasts & Patterns,	12589.60	
Mill Supplies,	4940.00	
Fuel, Light & Oil,	3547.50	
Royalties,	6371.20	
Salesmen's Salaries,	10468.70	
Salesmen's Expenses,	6521.60	
Office Help,	3543.38	
Officers' Salaries,	6416.67	
Expense,	1385.40	
Repairs,	1125.00	
Office Supplies,	185.40	
	696905.21	696905.21

The accounts receivable are as follows:

Hub Shoe Co., Boston, Nov. 25th, net 30, 2/10,	2786.45
Dodge & Rice, Boston, Aug. 4th, 4 mos.,	4210.00
Pond & Eaton, Boston, Nov. 3d, net 30,	1782.45
Providence Boot & Shoe Co., Providence, R. I., Oct. 5th, net 60,	1242.50
E. F. Woods & Co., Providence, R. I., Nov. 24th, net 30, 2/10,	1446.00
Sam Stone & Co., Danbury, Conn., Nov. 20th, net 30, 2/10,	798.50
Geo. H. Deane & Co., Hartford, Conn., Nov. 28th, net 30, 2/10,	1342.75
New Haven Trading Co., New Haven, Conn., Nov. 27th, 2/10,	2836.70
E. M. Lyons & Co., New Haven, Conn., Oct. 30th, net 30,	628.50
Bay State Shoe Co., Worcester, Mass., Nov. 25th, 3/15,	3245.50
Marsh, Fielding Co., Chicago, Nov. 10th, 2/30,	4697.50
Quaker Shoe Co., Philadelphia, Nov. 15th, 3/30,	6255.75
Hamilton, Brown Shoe Co., St. Louis, Mo., Oct. 5th, sight draft 60 ds.,	4875.20
Pittsburg Furnishing Co., Pittsburg, Pa., Nov. 20th, 2/15,	4219.70
Rich, Lantz & Harris, Cleveland, O., Oct. 3d, 90 ds. net,	3640.50

In your customers' ledger open accounts with each of the above firms, allowing one-fourth page to each name, and enter on the debit side the date, terms, and amount due from each firm. See that the total of these debit footings equals the amount of Accounts Receivable, as shown in your general ledger.

In your envelope entitled "Vouchers Payable" you will find invoices from other persons, which make up vouchers payable, as shown on the credit side of that account in your general ledger. Remove these invoices from your envelope, and prepare a voucher for each invoice according to models on pages 238 and 239.

No. 2780.—J. Russell & Co. On the back of the voucher charge $247.75 to Machinery & Tools; the balance of the bill to Mill Supplies. Attach the voucher to the invoice, and place both in Vouchers Payable envelope.

No. 2781.—On the back of this voucher charge the full amount of the bill to Materials.

No. 2782.—Charge $462 of this bill to Real Estate and $25 to Repairs, writing *Repairs* on one of the blank lines at the bottom of the voucher.

No. 2783.—Charge the full amount to Materials.

No. 2784.—Enter the full amount under Machinery & Tools.

Nos. 2785, 2786.—Enter the full amount of each invoice under Materials.

No. 2787.—Charge to Machinery & Tools.

No. 2788.—Charge to Materials.

No. 2789.—Charge to Furniture & Fixtures.

Enter the above vouchers in your voucher register, as shown in model, pages 246 and 247, carrying each amount to the proper column, as shown in the distribution on the backs of the vouchers, and the totals to Vouchers Payable Cr. column. Those accounts which have no special columns should be entered under Miscellaneous Accounts. See that the footing of Vouchers Payable Cr. column in your voucher register agrees with the credit of Vouchers Payable in your general ledger.

Foot and rule Vouchers Payable Cr. column, and also each column of distribution and the Miscellaneous Accounts column, and see that the total of these columns equals the footing of Vouchers Payable Cr. column. These amounts have already been posted, and should not be included in the December posting.

In your stock ledger open accounts as follows: W. J. Hilton, credit, 850 shares, $85000; E. M. Hilton, credit, 400 shares, $40000; E. C. Wardner, credit, 350 shares, $35000; Geo. Lacy, credit, 100 shares, $10000; James Daniels, credit, 90 shares, $9000; R. H. Merriam, credit, 10 shares, $1000. Write the number of shares to the credit of each person in the explanation space of the stock ledger.

The stock certificates would, of course, be already issued, but in order to show how this would be done, you may fill out certificates for the proper amount of stock to each person in your stock certificate book, dating the certificates Jan. 1, 1895. Hand these certificates to your teacher for approval, after which place them in Vouchers for Others.

Books Kept. The books to be kept in this business are the journal-daybook, cash book, sales book, voucher register and bill book.

Journal-daybook. The following form illustrates the journal-daybook. It does not differ materially from that of August and September.

NOVEMBER 29, 190–.

General.		Bills Rec.		L. F.			Accts. Rec.		General.	
		855	14		B. Receivable Interest Sam Stone & Co.	Note at 90 ds., with int. added, to pay invoice, 10/20.	842	50	12	64
					"					
1260					Reserve for Bad Debts B. Rec. Eastman & Co.	To bal. personal ⅋ and note of E. & Co.	840		420	
					30					
		2432	12		B. Receivable Parker Bros.	Note at 60 ds. to bal. ⅋ to Nov. 1.	2432	12		
		3287	26				4114	62		
3287	26				Bills Receivable, Accts. Receivable,	Dr. Cr.			4114	62
4547	26								4547	26

Cash Book. The cash book is illustrated on pages 246 and 247, and does not differ materially from that of August and September.

Sales Book. The sales book contains one special column for cash sales; otherwise it is similar to the ordinary sales book of May. The following form illustrates the sales book.

NOVEMBER 1, 190–.

	L. F.		Cash.	Items.	Total on Acct.
	67	Ward & Hiland, Boston, Net 60, 3/10			
		10 cases, #91, 360 prs. 3.00		1080	
		10 " #76, 360 " 2.50		900	1980
		2			
	✓	Priest Bros., City, Cash			
		12 prs., #91 3.00	36		
		12 " #76 2.50	30		

Voucher Register. The voucher register is illustrated on pages 246 and 247.

Bill Book. The bill book does not differ from that previously used.

VOUCHERS.

No. A.—In an envelope marked "Cash Drawer" you will find the following notes and drafts, which constitute the Bills Receivable balance of the main ledger. Take these notes and drafts from your envelope, and enter them on the bills receivable side of your bill book.

No. 233.—Date, Sept. 10th; time, 90 days; amount, $895; maker, Providence Boot & Shoe Company, Providence, R. I.

No. 234.—Date, Sept. 15th; time, 4 months; amount, $1245.75; maker, Quaker Shoe Company, Philadelphia.

No. 235.—Date, Oct. 20th; time, 2 months; amount, $754.25; maker, E. F. Woods & Co., Providence, R. I.

No. 236.—Date, Nov. 15th; time, 30 days; amount, $2000; maker, Hub Shoe Company, Boston.

See that the footing of the Amount column in your bill book agrees with the balance of Bills Receivable account in your main ledger.

Enter the following notes outstanding on the bills payable side of your bill book, and see that the footing of the Amount column agrees with the balance of Bills Payable account in your main ledger. These notes will be presented when due.

No. 174.—Date, Nov. 1st, in favor of E. J. Leonard, for money borrowed, payable at office on demand, with interest, $5000.

No. 175.—Date, Nov. 10th, in favor of the Commercial Bank, for money borrowed, payable at the Commercial Bank in 30 days, $3500.

No. 176.—Date, Nov. 20th, in favor of the Commercial Bank, for money borrowed, payable at the Commercial Bank in 30 days, $5000.

Procure from your teacher check for cash balance, $17582.78, and deposit in bank.

CASH, DR.

Date.		L. F.	NAME AND EXPLANATION.	Accounts Receivable, Cr.		Discount on Sales, Dr.		Net Cash Received.		Mdse. Sales.	
190–.											
Nov.	1		Balance in bank					13942	26		
	2		Geo. H. Deane & Co., inv. 10/20	786	40	15	73	770	67		
	3	√	Mdse. Sales							132	60
	3		New Haven Trading Co., inv. 10/25	1268	70	25	37	1243	33		
	4		Bills Rec., Bay State Shoe Co., disc. 60 ds.					1500			
	4	√	Mdse. Sales							126	14
	5		Dodge & Rice, inv. 10/26	942	80	18	85	923	95		
	5		Providence Boot & Shoe Co., on ¢	500				500			
	6		Marsh, Fielding Co., inv. 11/1	1988	75			1988	75		
	6		Bills Pay., note 4 m. disc.					4200			
	6	√	Mdse. Sales							68	75
			Accounts Rec., Cr.	5486	65						
			Mdse. Sales, Cr.					327	49	327	49
			Discount on Sales, Dr.			59	95				
								25396	45		
Nov.	8		Balance					16708	35		

In the rooms of a shoe factory each operative has a pass book, on which he is debited for all work received, and credited for the same when it is handed back finished. These pass books are collected weekly, and from them is made out the pay roll, which is, or should be, certified by the foremen of the various rooms. The name of each operative is entered on a book in charge of the paymaster, or bookkeeper, if the bookkeeper makes up the pay roll, and from the cash he takes the amount called for opposite each name, and places the amount in an envelope marked with the name of the operative and the amount enclosed. These envelopes are placed in a box and handed to the foreman of each room, who

VOUCHER

Voucher No.	Date of Entry.	Particulars of Invoice. Date.	Amount, Vouchers Pay., Cr.	Terms.	When Due.	Amount, Vouchers Pay., Dr.	When Paid.	In Favor of.	Explanation.	Plant. Real Estate.	Mchy. and Tools.	Fur. and Fixt.
2649	Oct. 1	Oct. 1	654 30	Cash 55	Oct. 1	654 30	Oct. 1	F. L. Marcy	Salary and Expense			
2650	1	1	576 40	" "	1	576 40	1	J. W. Evans	" "			
2651	3	Sept. 25	1200	Net 4m., 5/10	Oct. 5	1200	5	Whitcomb Lumber Co.	For new storehouse	1200		
2652	3	Oct. 1	276 21	30 ds., 2/c	3	276 21	3	J. Russell & Co.	Hardware, etc.		150	
2653	3	2	431 62	Cash	2	431 62	2	National Welt Co.	Royalties			
2654	5	3	1896 75	Net 4 m., 5/c	3	1896 75	5	Cutler & Porter	Leather			
2655	5	5	3600 50	Cash	5	3600 50	5	Pay Roll				
2656	5	5	64 48	"	5	64 48	5	City Carting Co.	Frt. for week			
2657	7	4	148 64	30 ds., 2/10	17			Boston Last Co.	Lasts and Patterns			
2658	8	8	250	5% Cash	8	250	8	E. A. Conway Co.	Coal			
2659	10	10	114 68	Cash	10	114 68	10	McKay, S. M. Co.	Royalties			
2660	12	10	62 45	60 ds., 2/10	22			O'Neil Oil Co.	Oil and Waste			
2661	12	12	3268 50	Cash	12	3268 50		Pay Roll				
2662	14	10	36 21	5% Cash	14	36 21		City Gas Co.	Gas and Fixtures			20
2663	14	11	2898 78	Net 4m., 5/10	20			Collieson Bros.	Leather			
2664	14							Petty Cash	For cash drawer, $25			
2665	15	15	62 91	Cash	Nov. 15	62 91		City Carting Co.	Frt. to date			
2666	15	12	645 28	30 ds.	14			Varick Hardware Co.	Roofing, etc.	245 28	200	62 30
			16187 71							1445 28	350	82 30

CASH, CR.

Date.		L. F.	NAME AND EXPLANATION.	Vouchers Payable, Dr.		Discount on Purchases, Cr.		Cash Paid.		Collect'n & Exchange, Dr.	
190–.											
Nov.	1		Voucher #2749	654	30			654	30		
	1		" #2750	576	40			576	40		
	2		" #2753	431	62			431	62		
	2		Coll. & Exch., on deposits								75
	3		Voucher #2752	276	21	5	52	270	69		
	3		Coll. & Exch., on deposits							1	25
	4		Discount, Bay State Shoe Co. note					15			
	5		Voucher #2751	1200		60		1140			
	5		" #2754	1896	75	94	84	1801	91		
	5		" #2755	3600	50			3600	50		
	5		" #2756	64	48			64	48		
	6		Coll. & Exch., on deposits							3	50
	6		Discount, note at 4 m.					43	70		
	6	✓	Petty Cash, per P. C. B.					84			
			Vouchers Payable, Dr.	8700	26						
			Discount on Purchases, Cr.			160	36				
			Coll. & Exch., Dr.					5	50	5	50
			Balance,*					16708	35		
								25396	45		

*To be written in red ink.

distributes them to the operatives. No receipts are called for from the operatives, though in small factories, where only a few employes are to be paid, sometimes each operative is required to sign his name to the pay roll, acknowledging the receipt of the amount opposite his name. A few companies pay their help entirely by check, and the check, of course, acts as a receipt; but in nearly all large establishments, where a great many employees are to be paid, the weekly pay roll is made up as above stated.

REGISTER.

DISTRIBUTION

FIRST COST.						MANUFACTURING EXPENSES.												SELLING EXPENSES.						MISCELLANEOUS ACCOUNTS.			
Materials.		Labor.		Freight.		Foremen.		Lasts and Pat.		Mill Supplies.		Fuel, Light and Oil.		Royalties.		Salesmen's Salaries.		Salesmen's Expenses.		Office Help.		Name of Account.	L. F.	Amount.	
																450		204	30						
																350		226	40						
										76	21											Expense.		50	
														431	62										
1896	75																								
		2862	17			83														72		Officers' Salaries		583	33
				64	48																				
								148	64																
												250													
														114	68										
										12	45	50													
		3113	50			83														72					
																						Expense		16	21
2898	78																								
				62	91																				
87	50									37	50											Office Supplies		12	05
4883	03	5975	67	127	39	166		148	64	126	16	300		546	30	800		430	70	144				662	04

No. 1.—Dec. 1. This check is from Sam Stone & Co., paying invoice of Nov. 20th. Enter the check in your cash book, crediting *S. Stone & Co.* for the full amount and debiting *Cash* and *Merchandise Discount*, as in August cash book (see pages 168 and 169). All merchandise discounts will be handled in this manner in the following transactions.

No. 2.—Dec. 1. This is the regular weekly pay roll. It has been made up by the foremen of the various rooms, whose names are attached. Number this voucher *2790*, and prepare a voucher to accompany it on a regular voucher form. On the back of the voucher charge to Labor account, Foremen's Salaries, Office Help, and Officers' Salaries, as shown on the pay roll. Make out a check to the order of *Pay Roll* for the amount called for. Procure the money, and place it in Cash Paid Out.

Enter this voucher, No. 2790, in your voucher register, carrying the amount into Vouchers Payable Cr. and into Vouchers Payable Dr. columns, since it is paid the same day it is issued, and making the proper distribution in the special columns. In your cash book credit *Cash* for the amount of the voucher, and in the explanation space write *Voucher No. 2790*. No further explanation is required in the cash book, since a reference to the voucher register will give full particulars.

No. 3.—Dec. 1. Invoice, J. H. Steele & Co.

This bill is for office supplies, and as it is a small bill, with no discount allowance, you may enter it on a voucher and make out a check for the amount; attach it to the voucher, and hand the voucher and the check to your teacher, who will return the voucher properly receipted at some later date. On the back of the voucher charge to Office Supplies.

Enter in your voucher register *No. 2791*, placing the name of the account, "Office Supplies," in the Miscellaneous Accounts column. Enter the amount of the voucher in both Vouchers Payable Cr. and Vouchers Payable Dr. columns, since it is paid the same day it is issued. Enter on the credit side of your cash book *Dec. 1*, *Voucher No. 2791*, and write the amount, *$24.10*, in both Vouchers Payable and Cash Paid columns.

No. 4.—Dec. 1. Salesman's order from Dodge & Rice. Enter in your sales book. Place the bill in Vouchers for Others and the order in your Voucher File, as in previous sets.

SELLING PRICE LIST FOR DECEMBER.

No. 76,	Goodyear Welt,	per pair, $2.50
No. 91,	Patent Calf,	" " 3.00
No. 83,	Russia Calf,	" " 2.25
No. 84,	Tan Calf,	" " 2.25
No. 72,	Heavy Walking Shoe,	" " 3.25
No. 94,	Kangaroo,	" " 2.00
No. 64,	Ladies' Hand Made French Kid,	" " 3.50
No. 66,	" " " Patent Calf,	" " 3.50
No. 68,	" Dongola Kid,	" " 2.50

All goods are sold by case of 36 pairs each.

The above prices are subject to discounts, as agreed upon by the salesmen. All salesmen's orders call for the goods by number. Do not make mistakes in filling out your bills, or in making entries in the sales book.

No. 5.—Dec 1. Pay Voucher No. 2780. Take the voucher from your Vouchers Payable envelope, detach it from the bill, make out a check for the net amount, and hand

voucher and check to your teacher. Enter the amount in the debit column of the voucher register, with the date of payment, as well as in the cash book.

In paying the vouchers of this set, after making the proper entries in the voucher register and the cash book, you will, in all cases, hand the voucher and the check to your teacher, or to such person as he may designate to receive them. They will be returned to you at some later period, and you may then place them in your Vouchers Paid File.

No. 6.—Dec. 1. It is necessary to have some ready cash for small items paid from day to day, and these items will be recorded in what is known as the petty cash book. This is a branch of the regular cash book, and its debit side will be made up entirely of checks drawn for petty cash, while its credit side will be made up of various small items. By the use of this book the main cash book is more easily audited, since its credit side will be made up entirely of checks.

FORM OF VOUCHER.

VOUCHER NO. 3426

To Cash Dr.

..THE..

W. J. Hilton Shoe Co.

Manufacturers of

BOOTS AND SHOES.

Terms:

ACCOUNT.	DATE.						
			Petty cash			25	

I hereby certify that the above liability was contracted for the W. J. Hilton Shoe Co., and that the goods have been received.

..... Rec. Clerk.

Prices correct.

..... Buyer.

Distribution and calculations correct and vouchers entered.

..... Bookkeeper.

Approved for payment.

George Lacy

Gen. Manager.

Received ..... 190..., of The W. J. HILTON SHOE CO.,

..... Dollars,

in full settlement of account as above.

$.....

PLEASE DATE, SIGN, AND RETURN PROMPTLY.

Under a voucher system of bookkeeping, cash for the petty cash book should be obtained by a voucher order from the manager.

Whenever cash is to be balanced, the footing of Sundries column in the petty cash book should be transferred to the credit side of the main cash book into Cash Paid column, with the explanation, *Petty Cash, per P. C. B.*, and a check mark placed in the ledger folio column, to show that these items have been posted from the petty cash book.

The form on page 249 illustrates a petty cash voucher.

No distribution is required, as the distribution will be determined by the entries in the petty cash book itself. A cash check should be written for the amount. The cash should be handed to the bookkeeper.

Voucher No. 2792 is an order signed by the manager. Enter in your voucher register, but do not extend the amount (see similar entry in model voucher register, pages 246 and 247). Make out a cash check for the amount. Place the voucher in your Receipted Voucher File. Take the check to the bank, or to your teacher, and get the money, which place in your Petty Cash Drawer. This transaction requires no cash book entry, as no cash has left the business; it is simply taken from the bank and placed in the Petty Cash Drawer for future use. Enter the amount of the check in the Dr. column of your petty cash book.

The following form illustrates the petty cash book.

PETTY CASH BOOK.

Petty Cash. *Dr.* *Cr.*

Date.		L. F.	EXPLANATION.	Cash Rec'd.	Accts. Rec.	Expense.	Sundries.
Nov.	1		Check	30 00			
	3		Office Supplies, stamps & postals				3 50
	4		Washing windows			2 75	
	4		Soap & towels			75	
	5		Telephone charges, October			5 75	
	5		W. U. Tel. Co., October charges			7 45	
	6		W. G. Allen & Co., protest fees		3 00		
	8		Check	25 00			
	8		C. M. Carter & Co., overpaid		1 00		
	9		Scrubbing floors			6 50	
	10		Office Supplies, 500 stamped envelopes				10 50
	12		Wallace Bros., protest fees		2 50		
			Accts. Rec., Dr.		6 50		6 50
			Expense, Dr.			23 20	23 20
			Balance,*				43 70 11 30
				55			55
Nov.	15		Balance,	11 30			

* To be written in red ink.

No. 7.—Dec. 3. Salesman's order, Hamilton, Brown Shoe Co. (See instructions for No. 4.)

No. 8.—Dec. 3. Telegraphic order, E. F. Woods & Co. (Enter in sales book.)

No. 9.—Dec. 3. Voucher No. 2793. This bill is for salesman's salary and expenses for November.

Make out a voucher, charging to Salesmen's Salaries and Salesmen's Expenses. Make out a check for the amount, and enter in voucher register and cash book.

No. 10.—Dec. 3. Voucher No. 2794. (Proceed exactly as in No. 9.)

No. 11.—Dec. 3. Invoice, F. C. Perkins, voucher No. 2795.

Make out a voucher for this bill, attach it to the bill, and enter in your voucher register. Place the voucher and the bill in your Invoice File.

No. 12.—Dec. 3. Invoice, Gas & Electric Co., voucher No. 2796. (See instructions for No. 11.) Charge to Expense in distribution.

No. 13.—Dec. 3. Invoice, E. A. Conway Coal Co., voucher No. 2797. Proceed as in No. 11, and charge to Fuel, Light and Oil.

No. 14.—Dec. 3. Invoice, Western Leather Co., voucher No. 2798. Charge to Materials.

No. 15.—Dec. 3. Deposit check of Sam Stone & Co.; collection, 75¢. Pay vouchers Nos. 2796, 2797, 2781 and 2785 by check.

Take the vouchers from your Voucher File, make out a check for each amount, and hand vouchers and checks to your teacher, or to the person designated. Make the proper entries in your cash book and in your voucher register.

No. 16.—Dec. 3. Enter each item in your petty cash book, debiting *Expense* for the amounts. (See form of petty cash book, page 250.)

No. 17.—Dec. 3. This check is received from Pond & Eaton. Enter on the debit side of the cash book; the amount is net.

No. 18.—Dec. 4. Leave for collection at the Commercial Bank the note of the Providence Boot & Shoe Co. Make the proper indorsement, and enter short in your bank pass book.

No. 19.—Dec. 4. Invoice, J. Russell & Co., voucher No. 2799.

Make out voucher and attach to the bill; also make out check for the amount of the bill. Enter in your voucher register, and hand bill, voucher and check to your teacher. Charge to Mill Supplies.

No. 20.—Dec. 4. Salesman's order, Marsh, Fielding Co.

No. 21.—Dec. 5. This check is received from the Providence Boot & Shoe Co., to apply on account.

No. 22.—Dec. 5. Draw, at sight, on Hamilton, Brown Shoe Co., St. Louis, for $4875.20, and deposit this draft with the checks of Pond & Eaton and Providence Boot & Shoe Co. in the Commercial Bank. Receive credit for the sight draft, as well as for the checks. Enter the amount of the draft on the debit side of your cash book, and add to your bank balance. Pay for collection $6.75. Deduct this amount from the deposit on the deposit ticket, and enter on the credit side of your cash book in Collection & Exchange column.

No. 23.—Dec. 5. Telegraphic order from Dodge & Rice. (Enter in sales book.)

No. 24.—Dec. 5. Pay vouchers Nos. 2788 and 2789. Make out the checks and hand with vouchers to your teacher. Enter amounts in voucher register and cash book.

No. 25.—Dec. 5. Invoice, Chas. Koss & Bro., voucher No. 2800. Charge to Materials.

No. 26.—Dec. 5. Statement of United Shoe Machinery Co., voucher No. 2801, for royalties during November. The machines register 7014 pairs at 4¢ per pair. Make out a check for this amount. Charge to Royalties.

No. 27.—Dec. 5. Invoice, A. D. Jackson Saddlery Co., voucher No. 2802. Make out a check for this voucher, less 5%, in payment of the invoice. Charge to Materials. This check is an overdraft (see Nos. 70 and 73, pages 158 and 159).

No. 28.—Dec. 6. Invoice, Parry Bros., No. 2803. Charge to Real Estate.

No. 29.—Dec. 6. Invoice, Cutler & Porter, No. 2804. Charge to Materials.

No. 30.—Dec. 6. Salesman's order, Geo. H. Deane & Co.

No. 31.—Dec. 6. Cash sale, J. T. Ferris, 1 case #76 at $2.50 per pair.

Enter the sale in the sales book, carrying the amount into the Cash column. Place a check mark in the ledger folio column, to show that no debit posting is made from the sales book. Enter in the cash book on the debit side, in Merchandise Sales column, checking the entry, to show that no credit posting is made from the cash book. By this entry *Cash* is debited and *Merchandise Sales* credited for each cash sale.

No. 32.—Dec. 6. Enter in your petty cash book. (Debit *Office Supplies* for the stamps.)

No. 33.—Dec. 7. Invoice, F. A. Walsh & Co., No. 2805. Charge $145.10 to Materials, and $125 to Machinery.

No. 34.—Dec. 7. Salesman's order, Rich, Lantz & Harris.

No. 35.—Dec. 7. Salesman's order, New Haven Trading Co.

No. 36.—Dec. 7. Dodge & Rice pay their bill of Aug. 4th, due Dec. 4th, by sending a check for one-half the amount and their note at 10 days, with interest added, for the balance. A letter of explanation accompanies the check and note. Debit *Cash* in the cash book, and in the journal debit *Bills Receivable* and credit *Dodge & Rice* and *Interest.*

No. 37.—Dec. 7. Check received from the Hub Shoe Co., less 2%.

No. 38.—Dec. 8. Draw, at sight, on E. M. Lyons & Co. for the amount of balance due, $628.50. Place the draft in your bank for collection, together with a deposit of cash, $90, and the checks of Dodge & Rice and the Hub Shoe Co. Collection, $5.50. Do not forget to deduct the amount of collection on the deposit ticket, and to make proper entry in the cash book. Notify E. M. Lyons & Co. by letter that you have drawn on them.

No. 39.—Dec. 8. Pay roll, No. 2806. This is the regular weekly pay roll. Make a voucher, draw the check, and place the cash in Cash Paid Out. (Enter in voucher register and cash book.)

No. 40.—Dec. 8. Invoice, Diebold Safe Co., No. 2807. Draw a check for the amount and make proper entries in the cash book and the voucher register. Charge to Furniture & Fixtures.

No. 41.—Dec. 8. Salesman's order, E. F. Woods & Co.

No. 42.—Dec. 8. Cash sale (check), W. M. Lee & Co., 1 case each #66 at $3.50 and #94 at $2.00. (See instructions for No. 31.)

No. 43.—Dec. 8. Check received from Pittsburg Furnishing Co., less 2%.

No. 44.—Dec. 8. Check received from New Haven Trading Co., less 2%.

No. 45.—Dec. 10. Invoice, Western Leather Co., No. 2808. Charge to Materials.

No. 46.—Dec. 10. Invoice, Chas. Koss & Bro., No. 2809. Charge to Materials.

No. 47.—Dec. 10. Check received from Geo. H. Deane & Co.

No. 48.—Dec. 10. Deposit checks of W. M. Lee & Co., Pittsburg Furnishing Co., New Haven Trading Co., and Geo. H. Deane & Co. Collection, $8.25.

No. 49.—Dec. 10. Note favor of Commercial Bank for $3500, due this day, has been charged to your account. Make the proper entry in your cash book, and deduct the amount from the balance in the check book.

No. 50.—Dec. 10. Pay vouchers Nos. 2795, 2783, 2782 and 2798.

No. 51.—Dec. 11. Invoice, Collieson Bros., No. 2810. Charge to Materials.

No. 52.—Dec. 11. Salesman's order, Bay State Shoe Co.

No. 52a.—Dec. 11. W. J. Hilton has sold to James Daniels 25 shares of his stock, and given him a transfer, and R. H. Merriam has sold his $1000 worth of stock to the same person.

Enter in the transfer book, and post to the stock ledger, debiting the seller and crediting the purchaser of stock in each case for the number of shares purchased at par value. These transactions affect only the stock books. Cancel the old stock certificates of W. J. Hilton and R. H. Merriam, and issue a new certificate to W. J. Hilton for the amount of stock he now holds; also issue a new certificate to James Daniels for 35 shares of stock.

No. 53.—Dec. 12. Invoice, O'Neil Oil & Paint Co., No. 2811. Charge to Fuel, Light and Oil.

No. 54.—Dec. 12. Cash sale, Jones & Allis, 18 pairs each #76 at $2.50, #83 at $2.25, #84 at $2.25, #94 at $2.

No. 55.—Dec. 12. Check, Dodge & Rice, in payment of invoice of Dec. 1st.

No. 56.—Dec. 12. Note of the Providence Boot & Shoe Co., due Dec. 9th, has been protested for non-payment, and the note returned to you by the bank. The protest fees are $2.50, which you will pay in cash from the Petty Cash Drawer. Place the amount in Cash Paid Out. Charge the same to the Providence Boot & Shoe Co. in the Accounts Receivable column of the petty cash book, and post direct to their account in the customers' ledger. No entry is required for the note, since it was merely left for collection.

Write to the Providence Boot & Shoe Co., requesting an explanation of the fact that their note has been allowed to go to protest.

No. 57.—Dec. 12. Deposit check of Dodge & Rice; collection, $3.90. Pay vouchers Nos. 2784, 2800 and 2811.

No. 58.—Dec. 13. Voucher No. 2812, $25, for petty cash. Enter in voucher register and petty cash book. Make a cash check for the amount. Obtain the cash and place it in your Petty Cash Drawer (see transaction No. 6). (No distribution.)

No. 59.—Dec. 13. Invoice, A. D. Jackson Saddlery Co., No. 2813. Make a check for this voucher, and enter in voucher register and cash book. Charge to Materials.

No. 60.—Dec. 13. Letter from Hamilton, Brown Shoe Co., St. Louis, ordering goods at special price. You will accept their offer by wire and make out the invoice. Enter in the sales book, with terms 10% cash.

No. 61.—Dec. 13. Letter enclosing check and interest-bearing note from the Bay State Shoe Co., in settlement of invoice of Nov. 25th.

Enter the amount of the check and the merchandise discount, 3% of the full amount, in the cash book, crediting *Bay State Shoe Co.* for the total. Enter the note in the journal, crediting *Bay State Shoe Co.* for the amount of same.

No. 62.—Dec. 14. Cash sale, Chas. D. Pomeroy, 1 case ⅀64 at $3.50.

No. 63.—Dec. 14. Pay vouchers Nos. 2803 and 2804.

No. 64.—Dec. 14. You have received check for $2000, to pay note of the Hub Shoe Co., due to-morrow. Take the note from your Cash Drawer, write *Paid* across the face, and place it in Vouchers for Others.

No. 65.—Dec. 14. Place in the bank, for collection, E. F. Woods & Co's note, due the 20th; also Dodge & Rice's note, due this day. Have the Quaker Shoe Co's note, due Jan. 15th, discounted, and the net proceeds placed to your credit; also have the amount of Dodge & Rice's note placed to your credit. Have E. F. Woods & Co's note entered short in your bank pass book. Add the proceeds of notes placed to your credit to your bank balance on the stub of your check book, and make the proper cash book entries.

When notes already due are placed in the bank for collection, it is customary, if the depositor is in good standing, to give him credit for the amount due at the time of deposit, if he so requests.

Deposit cash, $288, and the checks of Bay State Shoe Co. and Hub Shoe Co. Collection, $4.00.

No. 66.—Dec. 15. Invoice, B. S. Green Co., No. 2814. Charge to Materials.

No. 67.—Dec. 15. Pay roll, No. 2815.

No. 68.—Dec. 15. Salesman's order, Sam Stone & Co.

No. 69.—Dec. 15. Check, Rich, Lantz & Harris.

This account of Oct. 3d is not due until Jan. 1st, but the firm, having the ready money, have discounted their bill for the time it has yet to run (19 days) at 6%, and sent you a check for the balance. See if the discount is correct, and if so, enter as usual in your cash book.

No. 70.—Dec. 15. Check, E. F. Woods & Co., in payment of invoice of Dec. 3d.

No. 71.—Dec. 15. Check, Marsh, Fielding Co., in settlement of invoice of Nov. 10th.

No. 72.—Dec. 15. Check, Hamilton, Brown Shoe Co., in payment of invoice of Dec. 3d.

No. 73.—Dec. 15. Pay voucher No. 2805.

No. 74.—Dec. 15. Pay petty cash items. (Debit *Office Supplies* for the postal cards.) The bank has notified you that your draft on E. M. Lyons & Co. has been protested for non-payment, and you pay the protest fees, $1.50, in cash from your petty cash drawer, debiting *E. M. Lyons & Co.* (see transaction No. 56).

No. 75.—Dec. 17. Invoice, H. M. Sciple & Co., No. 2816. Charge to Machinery & Tools.

No. 76.—Dec. 17. Salesman's order, Pond & Eaton.

No. 77.—Dec. 17. Check, Dodge & Rice, in settlement of invoice of Dec. 5th, less 2%.

No. 78.—Dec. 17. This letter from E. M. Lyons & Co. explains that by mistake your draft on them was permitted to go to protest. They enclose a check for the amount of the draft and the protest fees. Enter in the cash book, crediting *E. M. Lyons & Co.* Deposit this check, together with all the other checks in your possession (6). Collection and exchange, $13.50.

No. 79.—Dec. 17. Letter from Providence Boot & Shoe Co. This letter announces the failure of the Providence Boot & Shoe Co., and contains an offer of 60% cash in full payment of all indebtedness. Write a letter to them, expressing your regret at their failure, and accepting their offer of 60¢ on a dollar for your book claim and their note protested the 12th.

No. 80.—Dec. 18. Sale, sample lot, to E. B. Lewis & Co. Send them three pairs of each number, except ♯72, which is not in stock.

No. 81.—Dec. 18. Check, Geo. H. Deane & Co., in payment of invoice of Dec. 6th.

No. 82.—Dec. 18. Pay vouchers Nos. 2808 and 2809.

No. 83.—Dec. 19. Invoice, J. H. Steele & Co., No. 2817. Charge to Mill Supplies.

No. 84.—Dec. 19. Invoice, F. A. Walsh & Co., No. 2818. Charge to Materials.

No. 85.—Dec. 19. Salesman's order, Pittsburg Furnishing Co.

No. 86.—Dec. 19. Check, Quaker Shoe Co., in settlement of invoice of Nov. 15th.

No. 87.—Dec. 19. Petty cash book entries. (Debit *Office Supplies* for the pencils.)

No. 88.—Dec. 20. Invoice, Boston Last Co., No. 2819. Charge to Lasts and Patterns.

No. 89.—Dec. 20. Cash sale, R. S. Sherwood & Co., 6 pairs each ♯76 at $2.50, ♯91 at $3.00, ♯83 at $2.25, ♯84 at $2.25.

No. 90.—Dec. 20. Order from Bay State Shoe Co.

No. 91.—Dec. 20. Letter and check from New Haven Trading Co. This transaction is similar in principle to No. 109, page 123 (see explanation).

No. 92.—Dec. 20. Deposit $60 cash and all checks on hand (3). Collection, $8.90.

No. 93.—Dec. 20. Your note, due this day, favor of Commercial Bank, has been charged to your account. Enter in your cash book, and deduct the amount from the balance on the stub of your check book.

No. 94.—Dec. 21. Invoice, Western Leather Co., No. 2820. Charge to Materials.

No. 95.—Dec. 21. Salesman's order, Hub Shoe Co.

No. 96.—Dec. 21. Check, E. F. Woods & Co., in payment of bill of Dec. 8th.

No. 97.—Dec. 22. Pay roll, No. 2821.

No. 98.—Dec. 22. Cash sale, Hudson & Foster, 9 pairs each ♯64 at $3.50, ♯66 at $3.50, ♯68 at $2.50.

No. 99.—Dec. 24. Invoice, Chas. Koss & Bro., No. 2822. Charge to Materials.

No. 100.—Dec. 24. Salesman's order, Empire Shoe Co.

No. 101.—Dec. 24. Check, Providence Boot & Shoe Co. This amount is sent in full payment of the bill of Oct. 5th, as shown by the account of the Providence Boot & Shoe Co. in your customers' ledger, $1042.50, and their note protested Dec. 12th, $895. The check is for 60% of these two amounts.

Enter in the cash book, crediting *Providence Boot & Shoe Co.* for $625.50 and *Bills Receivable* for $537. You have lost 40% of the note, $358; also 40% of the Providence Boot & Shoe Co's bill of Oct. 5th, $417; also a charge of $2.50 against the Providence Boot & Shoe Co. made when their note was protested. Losses from bad debts are provided for by a Reserve for Bad Debts account, which is credited at the end of each year with a certain proportion of the profits of the business, and charged with such losses as may

occur during the year. Therefore, in your journal make an entry, debiting *Reserve for Bad Debts* for the total loss, and crediting *Providence Boot & Shoe Co.* for the loss on the book claim plus the protest fees, and *Bills Receivable* for the loss on the note.

No. 102.—Dec. 24. Pay vouchers Nos. 2786, 2787 and 2810.

No. 103.—Dec. 24. Deposit cash, $85.50, and the two checks on hand. Collection, $2.25. The note of E. F. Woods & Co. ($754.25), which was left for collection, has been paid. Have the amount placed to your credit in your bank pass book. (Enter in cash book.)

No. 104.—Dec. 26. Invoice, J. Russell & Co., No. 2823. Charge to Mill Supplies.

No. 105.—Dec. 26. Invoice, Collieson Bros., No. 2824. Charge to Materials.

No. 106.—Dec. 26. Salesman's order, The John Warner Co.

No. 107.—Dec. 26. Salesman's order, Quaker Shoe Co.

No. 108.—Dec. 26. Order from Pittsburg Furnishing Co.

No. 109.—Dec. 26. Check, E. F. Woods & Co., in payment of invoice of Nov. 24th.

No. 110.—Dec. 26. Check, Sam Stone & Co., in settlement of bill of Dec. 15th.

No. 111.—Dec. 26. Check, Hamilton, Brown Shoe Co., in payment of invoice of Dec. 13th.

No. 112.—Dec. 27. Invoice, Cutler & Porter, No. 2825. Charge to Materials.

No. 113.—Dec. 27. Salesman's order, Sam Stone & Co.

No. 114.—Dec. 27. Check, Rich, Lantz & Harris, in payment of invoice of Dec. 7th.

No. 115.—Dec. 27. Check, New Haven Trading Co. This check is in payment of the balance of the New Haven Trading Co's bill of Dec. 7th. They deduct 1%, as it is paid 50 days before the account is due. You will allow the deduction.

No. 116.—Dec. 27. Pay voucher No. 2818.

No. 117.—Dec. 28. Cash sale, B. F. Howe & Co., 9 pairs each #72 at $3.25, #94 at $2.

No. 117a.—Dec. 28. Memorandum of goods returned. The Hub Shoe Co. have returned 10 cases of #83, invoiced Dec. 21st, as they already have a large stock of this number on hand, and have arranged with our salesman to have us take them back. Debit *Merchandise Returned* and credit *Hub Shoe Co.* in the journal.

No. 118.—Dec. 28. Pay voucher No. 2817.

No. 119.—Dec. 28. Deposit cash, $47.25, and all the checks on hand (5). Collection, $8.00.

No. 120.—Dec. 29. Pay roll, No. 2826.

No. 121.—Dec. 29. Salesman's order, E. M. Lyons & Co.

No. 122.—Dec. 29. Telegraphic order, Rich, Lantz & Harris.

No. 123.—Dec. 29. Check, Bay State Shoe Co.

The Bay State Shoe Co. have made a mistake of one dollar in their calculations, and have overpaid you this amount. Write them a letter, notifying them of the overpayment. Credit *Bay State Shoe Co.* in the cash book for the payment of the invoice of Dec. 11th, with the correct discount, $86.13, and the net amount of cash, $2784.87. Underneath

this entry, credit *Bay State Shoe Co.* for the $1 overpaid, writing the amount in the Accounts Receivable and the Cash columns.

There are two methods of treating overpayments. Some business houses always return a check or currency for the overpayment, but if it is a customer who has an open account, a more common method is simply to credit the customer for the amount overpaid, as in the above instance.

No. 124.—Dec. 29. Pay voucher No. 2820.

No. 125.—Dec. 29. Petty cash items. (Debit *Office Supplies* for the postal cards.)

No. 126.—Dec. 31. Salesman's order, Marsh, Fielding Co.

No. 127.—Dec. 31. Cash sale, W. P. Hoyt & Co., 3 pairs each #76 at $2.50, #91 at $3.00, #83 at $2.25, #84 at $2.25.

No. 128.—Dec. 31. Pay voucher No. 2822.

No. 129.—Dec. 31. Bill from City Carting Co., No. 2827, freight and cartage for the month of December. Charge to Freight. Make out a check for the amount of the bill.

NO. 130.—Dec. 31. Memorandum of goods returned. The Empire Shoe Co. have returned two cases of #72, invoiced Dec. 24th, as the goods are imperfect. Allow the claim.

No. 131.—Dec. 31. Invoice, Mead, Mason & Co., No. 2828. Charge to Repairs. Make out a check for the amount of the bill.

No. 132.—Dec. 31. Deposit cash, $30, and the check of the Bay State Shoe Co. Collection, $2.75.

No. 133.—Dec. 31. You may allow 25% of the cost of lasts and patterns, 12½% of the cost of machinery, and 10% of the cost of furniture and fixtures for depreciation. Make a journal entry, debiting *Depreciation* for the full amount, and crediting *Furniture & Fixtures*, *Lasts & Patterns*, and *Machinery*, each for its respective amount.

Bookkeepers differ in their treatments of such accounts as Machinery, Furniture & Fixtures, and Lasts & Patterns. The practice is far too common, of considering the balances of such accounts as resources, without any regard to the fact that they do depreciate in value. Such a practice is most inaccurate, for, while it may be argued that such property has cost the amount of its debit, and, being on hand and kept in repair, is a resource for this amount, still it is well known that machinery deteriorates rapidly when run at the high speed of our modern factories, and the inventive genius of American mechanics makes it constantly necessary to throw aside comparatively new machinery and replace it with the latest product of invention.

Perhaps the most common method of handling such accounts is to take an inventory at the end of each year, but unless great care is taken, machinery is frequently overvalued, and it is better to keep a regular Depreciation account in the general ledger, and charge this account a certain percentage of such accounts at the end of each year through a journal entry. When this is done, the balances of these accounts will of course represent their actual value, and may be entered as resources in the statement at the end of the year. The percentage should be large enough to allow for wear and tear of machinery, and such shrinkage in value of other accounts as experience has shown will result from the nature of the business; and no attempt should be made to show fictitious gains, through making a smaller allowance for depreciation than the nature of the business will warrant.

Transfer the footing of the Sundries column of your petty cash book to the credit side of the main cash book, writing the total amount in the Cash Paid column, with the explanation, *Petty Cash, per P. C. B.*, and place a check mark in the ledger folio column, as these items will be posted to the debit of the various accounts from the petty cash book, and are only transferred to the main cash book in order that the balance of cash may be shown on that book.

Balance your cash book. Post all books, and take a trial balance.

DIRECTIONS FOR POSTING.

Journal. Carry the totals of Bills Receivable and Accounts Receivable columns into the General columns (see model, page 244). Post each item in the General columns to the account named in the general ledger, and post each item in the Accounts Receivable column to the credit of the proper account in the customer's ledger, as in August and September. Check back, to see that your posting is correct.

Cash Book. On the debit side, post the footing of Accounts Receivable column to the credit of Accounts Receivable in the general ledger, and the items in this column to

STATEMENT OF LOSSES AND

First cost of Mdse. Sales, as under:							
Materials				215503	17		
Labor				132517	20		
Mdse. Returned				4228	75		
Discount on Sales				7964	90		
Freight				3863	90	364077	92
Balance carried down *						79731	53
						443809	45
Manufacturing expenses, as under:							
Foremen's Salaries				4896			
Royalties				5472	68		
Mill Supplies	cost	4792.00					
"	on hand	680.50		4111	50		
Fuel, Light & Oil	cost	3407.30					
"	on hand	327.90		3079	40		
Depreciation, Machinery		5875.00					
" Furniture & Fixtures		345.50					
" Lasts & Patterns		2850.00		9070	50		
Repairs				1260			
Taxes				742	50	28632	58
Balance carried down *						51098	95
						79731	53
Selling Expenses, as under:							
Salesmen's Salaries				10240			
" Expenses				6217	25		
Office Help				3268	50		
Office Supplies	cost	214.00					
"	on hand	31.50		182	50	19908	25
Balance carried down *						31190	70
						51098	95
General Expenses, as under:							
Officers' Salaries				7000			
Interest & Discount				215	40		
Collection & Exchange				405	17		
Expense †				1242	30	8862	87
Net Gain *						22327	83
						31190	70

*To be written in red ink.

†The items which make up the Expense account are not taken from any particular branch of the business, and some bookkeepers would divide this account so as to give part of it to manufacturing expenses, part to selling expenses, and part to general expenses, but in this series of transactions it has been considered advisable to carry the whole account to general expenses.

the credit of the persons named in the customers' ledger. Post the footing of Discount on Sales column to the debit of Discount on Sales in the general ledger. Carry the footing of Merchandise Sales column into the Net Cash Received column, and post the amount to the credit of Merchandise Sales in the general ledger (see form, pages 246 and 247). Post all items other than accounts receivable as may appear in the Net Cash Received column to the accounts named in the general ledger.

On the credit side, post the footing of Vouchers Payable column to the debit of Vouchers Payable in the general ledger. Post the footing of Discount on Purchases column to the credit of Discount on Purchases in the general ledger. Carry the footing of Collection

GAINS, DEC. 31, 190–.

		Mdse. Sales		398245	75		
		Manufactured goods on hand		22148	70		
		Materials " "		16941	80		
		Disc. on Purchases		6473	20	443809	45
						443809	45
		Balance brought down				79731	53
						79731	53
		Balance brought down				51098	95
						51098	95
		Balance brought down				31190	70
						31190	70

and Exchange column into the Cash Paid column, and post the amount to the debit of Collection and Exchange in the general ledger. Post all items not found in these special columns to their respective accounts in the general ledger from the Cash Paid column of the cash book, and be sure to place the ledger page in the folio column.

STATEMENT OF RESOURCES AND

Cash in bank		13914	50		
" in petty cash drawer		12	15	13926	65
Property as under:					
Materials and goods in process, per inventory		22148	70		
Manufactured goods, " "		16941	80		
Office Supplies, " "		31	50		
Mill Supplies, " "		680	50		
Fuel, Light & Oil, " "		327	90		
Lasts & Patterns		8210	40		
Furniture & Fixtures		2565	30	50906	10
Real Estate, valued at cost				60548	
Machinery & Tools				50786	50
Book accounts as under:					
Accts. Receivable, per customers' ledger		27516	40		
Bills Receivable, per bill book		6400		33916	40
Good Will, valued at cost				30000	
Treasury Stock, valued at par				20000	
				260083	65

Petty Cash Book. Post the footing of Accounts Receivable column to the debit of Accounts Receivable, the footing of Expense column to the debit of Expense, and the items in Sundries column to the debit of the accounts named.

Sales Book. Post the total of On Account column to the debit of Accounts Receivable and to the credit of Merchandise Sales in the general ledger. Post the items in this column to the debit of the proper accounts in the customers' ledger. Do not post Cash Sales column, as these sales are posted from the cash book. See that the footing of the Cash Sales column in the sales book agrees with the footing of the Merchandise Sales column on the debit side of the cash book.

Voucher Register. Foot the Vouchers Payable Cr. column, and post this footing to the credit of Vouchers Payable in the general ledger. Foot each column under "Distribution," and post these footings to the debit of the accounts named in the general ledger; also post the items in the Miscellaneous Accounts column to the debit of the accounts named in the general ledger. See that the sum of the footings of the distribution columns and the Miscellaneous accounts column equals the footing of Vouchers Payable Cr. column.

Make statements of losses and gains and resources and liabilities, using models on pages 258, 259, 260, 261.

Materials and goods in process, valued at $9600.75.

Manufactured goods on hand, valued at $17600.

Real estate, valued at cost.

Mill supplies, valued at $640.29.

Fuel, light and oil, valued at $468.10.

Office supplies, valued at $40.50.

DIRECTIONS FOR CLOSING THE LEDGER.

In a manufacturing business, it is customary to close all accounts which contribute to the cost of merchandise into Merchandise Sales account, then close that account into Loss and Gain, instead of closing each account into Loss and Gain, as in an ordinary business. You may, therefore, close accounts as follows:

LIABILITIES, DEC. 31, 189–.

Book accounts owed as under:				
Vouchers Payable, per voucher register	12229	37		
Bills Payable, per bill book	15000		27229	37
Capital Stock			200000	
Surplus			9450	75
Reserve for Bad Debts			426	80
Undivided Profits			648	90
Profits per statement of Losses & Gains			22327	83
			260083	65

Close Discount on Purchases, by entering an amount equal to the balance of the account on the debit side, in red ink, with the explanation, *Materials;* foot and rule, and transfer the amount to Materials account, with the explanation, *Discount on Purchases.* Enter the inventory of materials and goods in process on the credit side of Materials account, in red ink, then close, by writing, in red ink, on the smaller side, *Merchandise Sales*, and transfer to Merchandise Sales account, with the explanation, *Materials.* Close Discount on Sales, Merchandise Returned, Labor, and Freight accounts in the same manner, and transfer to the Merchandise Sales account. Close this account, writing *Balance*, in red ink, on the smaller side; foot, rule, and bring down the balance on the opposite side. Close Foremen's Salaries, Royalties, Mill Supplies, Fuel, Light and Oil, Depreciation, Repairs, and Taxes accounts into Merchandise Sales account. Transfer to that account, and again close, footing, ruling, and bringing down the balance as before. Do not forget to add the inventories to their respective accounts, and to carry the amounts below the ruling on the debit side. Close Salesmen's Salaries, Salesmen's Expenses, Office Help, and Office Supplies accounts into Merchandise Sales account. Transfer and close the third and final section of the Merchandise Sales account, by entering on the credit side, in red ink, the inventory of manufactured goods on hand; on the debit side of the account, in red ink, write the balance, with the explanation, *Gain*, and transfer the amount to Loss and Gain account, as usual. Close Officers' Salaries, Interest and Discount, Collection and Exchange, and Expense accounts as in previous sets, and transfer to Loss and Gain account. Close Loss and Gain account, by writing, in red ink, on the debit side, *Balance*, and bring down this amount.

Hand in your books for inspection.

ADDITIONAL ENTRIES.

No. 134.—Jan. 5. At a meeting of the stockholders, held Jan. 1st, the old officers and board of directors were re-elected. It was voted to declare a dividend of 10% on the stock issued, amounting to $18000; to carry 5%, amounting to $9000, into the Surplus account; to lay aside $4000 as a reserve for bad debts; and to carry the balance of the

profits into Undivided Profits account. It was furthermore voted to sell the treasury stock on hand at such prices as could be realized in open market, and to apply the proceeds to the extension of the business. In accordance with the first vote mentioned above. make an entry in your journal, debiting *Loss and Gain*, and crediting *Dividend*, *Surplus*, *Reserve for Bad Debts*, and *Undivided Profits*.

No. 135.—Jan. 6. Pay each stockholder's dividend, writing checks for the amounts due. Enter in your cash book, debiting *Dividend* for the full amount.

No. 136.—Jan. 7. The treasury stock has been sold, W. J. Harlan purchasing 100 shares at $135, and Mrs. E. M. Hilton purchasing 100 shares at $133. Checks for these amounts are received.

Enter in your cash book, crediting *Treasury Stock* for the par value of the 200 shares, and crediting *Premium* for the amount received in excess of the par value. Post these cash book and journal entries. Open accounts with Dividend and Premium in the general ledger. If your work is correct, Loss and Gain, Dividend, and Treasury Stock accounts in your general ledger should balance. Open accounts with W. J. Harlan and Mrs. E. M. Hilton in your stock ledger, issue the stock certificates called for, and post to their credit.

Take a proof trial balance (see model, page 47), and hand in all of your books for examination.

QUESTIONS.

1. Define a joint stock company, and show its advantages over a partnership.
2. What is the liability of a stockholder in the ordinary joint stock company. What is his liability in a limited joint stock company?
3. What is a corporation, and what is the liability of its stockholders?
4. Describe the organization of a corporation.
5. Define surplus, dividend, treasury stock.
6. What are the special books required to show the corporate transactions of a business?
7. Describe the stock ledger. With what account in the general ledger should its balance agree?
8. Describe the method of using a voucher in the voucher system of accounts.
9. By the use of the voucher register, what accounts may be omitted from the ledger?
10. How would you find from your voucher register the balance of vouchers payable?
11. Show the advantages of a systematic division of expenses, as shown in the special columns of the voucher register.
12. When vouchers are paid, what entry should be made in the cash book?
13. What is the object of the petty cash book? Of what is its debit comprised?
14. Describe the Reserve for Bad Debts account, and show what its debits and credits will comprise.
15. Explain the use of Depreciation account, and show its advantages.

APPENDIX.

SINGLE ENTRY.

In single entry bookkeeping the ledger contains only accounts with persons, and consequently only such entries as affect personal accounts should appear in a single entry journal; and since there is no equality of debits and credits in single entry bookkeeping, the journal entries will, in most cases, contain only a single debit or credit.

The following is a model of a single entry journal, showing the records which would be made by single entry bookkeeping for the transactions shown in your model journal-daybook on pages 6 and 7.

MODEL SINGLE ENTRY JOURNAL-DAYBOOK.

JANUARY 1, 190–.

	A. H. Harper, Commenced this day the Flour and Grain business, investing $3000 in cash.	Cr.			3000
5					
	J. B. Allen, Sold him on account 50 brls. Flour,	Dr. 4.50			225
6					
	A. H. Harper, Drew cash for private use.	Dr.			50
8					
	J. Grant & Co., Bought of them on account 600 bu. Oats,	Cr. .33			198
13					
	J. B. Allen, Received of him cash on account.	Cr.			100
15					
	J. Grant & Co., Paid invoice Jan. 8th in cash.	Dr.			198
25					
	J. B. Allen, Sold him on account 50 brls. Flour,	Dr. 4.75			237 50

It will be seen, by comparison, that all records of transactions which do not affect personal accounts have been omitted from the single entry journal-daybook; but a cash book should be kept, which may be the same in form as a double entry cash book, or it may be kept like the following model, which records the cash transactions of the model journal-daybook on pages 6 and 7.

MODEL SINGLE ENTRY CASH BOOK.

190–.		CASH.			DR.	CR.
Jan.	1	Invested,	by A. H. Harper		3000	
	2	Paid	rent for January			75
	3	Bot. of A. H. Roe & Co.,	200 brls. Flour	3.90		780
	4	Sold W. D. Leach,	100 " "	4.50	450	
	6	A. H. Harper,	drew for private use			50
	13	Received of J. B. Allen,	on acct.		100	
	15	Paid J. Grant & Co.,	invoice 1/8			198
	31	Paid	salaries to date			60
	31	Balance on hand*				2387
					3550	3550
Feb.	1	Balance	on hand		2387	

*To be written in red ink.

A record of notes issued and of notes received should be kept in a bill book similar to the ordinary double entry bill book, and these records, with an inventory taken in the usual manner, will enable the bookkeeper to prepare a statement at any time showing the resources and liabilities, the present worth, and the net gain of the business.

Copy on a sheet of journal paper the journal and cash book models. There will be space on one side of the journal sheet for both models. Take a half sheet of ledger paper and post the journal entries the same as in double entry, opening the personal accounts required—A. H. Harper, J. B. Allen, and J. Grant & Co.

The cash book shows the amount of cash on hand, $2387. The inventory of unsold merchandise, if taken Jan. 31st, would show the following goods on hand: 350 brls. flour, valued at $4 per brl.; 300 bu. oats at 33¢ per bu.; 300 bu. rye at 57¢ per bu.

The bill book, if kept, would show a note for $338, in favor of the business, signed by A. B. Frye; and the following notes outstanding—one in favor of Garland & Co. for $571, and one in favor of B. W. Keene for $820.

The ledger shows that J. B. Allen owes $362.50.

From the foregoing data it will be easy to prepare a statement of resources and liabilities according to the following model.

STATEMENT OF RESOURCES AND LIABILITIES, JAN. 31, 190–.

		Resources.	Liabilities.
Cash	on hand, per C. B.	$. .	
Bills Receivable	" " " B. B.	$. .	
Merchandise	value " inventory	$. .	
J. B. Allen	owes on account	$. .	
Bills Payable	notes outstanding, per B. B.		$. .
Present Worth*			$. .

*To be written in red ink.

Having found the present worth of A. H. Harper, as above, a comparison of his present worth, Jan. 31, 190–, with the amount of his investment Jan. 1, 190–, will show his gain or loss, the same as in double entry bookkeeping. Find A. H. Harper's net gain according to the following model.

STATEMENT OF A. H. HARPER'S GAIN.

A. H. Harper's present worth Jan. 31, 190–		3366	50		
" " " net investment " 1, 190–		2950			
" " " net gain*				416	50

Write the statement of resources and liabilities and the net gain on the first blank page of your journal. Carry the net gain to the credit side of A. H. Harper's account in your ledger, the same as in double entry, and hand the journal with your ledger to your teacher for approval.

It is thought the foregoing illustrations will prove sufficient to enable the student to perform the work required in the following series of transactions, using the single entry journal-daybook, cash book and bill book as records of the business.

If A. H. Harper should desire to change his books from single entry to double entry, he should open an account in his ledger with Cash, carrying to its debit side the amount on hand, *$2387;* also with Bills Receivable, carrying to its debit side *$338;* with Merchandise, carrying to its debit side the amount of the inventory, *$1670;* and with Bills Payable, entering on its credit side the amount of the outstanding notes, *$1391.*

After your papers are approved, make the above entries in the ledger, and take a trial balance, which should give you the following result.

A. H. Harper			3366	50
Cash	2387	00		
Bills Receivable	338	00		
Merchandise	1670	00		
Bills Payable			1391	00
J. B. Allen	362	50		
	4757	50	4757	50

You may assume that under date of Jan. 1st, the present year, you have commenced the retail furniture business with the following investment.

A stock of furniture, valued at $1968.75; office furniture, fixtures and books, valued at $300; cash in the City National Bank, $1245.50.

Enter in the journal and in the cash book. Use the first column of your journal for items, and the second column for the debit or credit amount.

The following is a form to show your journal entry.

Jas. B. Houghton,	Cr.			2210
Commenced the Furniture business, investing as follows:				
Cash in bank, per C. B.		460		
Furniture, valued at		1500		
Office furniture & fixtures		250		

JAN. 1.—Bought of the Grand Rapids Furniture Co., Grand Rapids, Mich., on account, 30 days, furniture as per invoice, $1468.20. (Enter in the journal.)

Paid freight on the above invoice, $62.25. (Enter in cash book only.)

JAN. 2.—Sold Wm. M. Rand, on account, 1 parlor set, $65; 6 dining chairs at $2; 1 extension table, $15. (Enter in the journal, carrying each item into the first money column.)

JAN. 3.—Sold sundry items for cash, as per cash drawer, $104.50. (Enter in cash book only.)

JAN. 4.—Sold Thomas W. Parsons, on account, 12 dining chairs at $1.50; 6 kitchen chairs at 75¢; 1 kitchen table, $2.50.

Sold E. M. Wardner, on account, 1 oak bedroom set, $55; 2 ash bedroom sets at $15; 1 leather couch, $45.

JAN. 5.—Bought of E. M. Farmer & Co., Detroit, merchandise as per invoice, $550. Gave them in payment your note at 30 days for $250; the balance on account, terms 4 mos., less 5% 10 days.

Credit *Farmer & Co.* for the full amount, and debit them for the note. Enter the note in the bill book, the same as in double entry.

Paid freight on the above invoice, $27.50.

JAN. 6.—Paid one month's rent, $60; also paid insurance premium, $30, 1% of insurance policy for $3000 on your stock of furniture.

Sold Thomas Hunter, for cash, 24 cane seated chairs at 75¢; 3 settees at $2.25. (Enter in cash book only.)

Sold Emma B. Sheridan, on account, 12 ash bedroom sets at $25; 12 cotton mattresses at $6; 4 dining tables at $12; 24 dining chairs at $1.50. Received cash, $150, to apply on account. (Debit in the journal for the full amount and credit for cash; also enter cash in the cash book.)

Balance your cash in the cash book, writing the balance, in red ink, in the smaller column. Foot, rule, and bring down the balance to commence the next week.

In actual business the cash should be balanced daily, but in this series of transactions you will balance the cash at the end of each week. Your balance at the end of this week should be $1345.

JAN. 8.—Sold C. H. Stratton, Elm House, 6 hair mattresses at $25; 2 oak bedroom sets at $40; 1 parlor set, $125; 2 French plate mirrors at $15.

Paid Grand Rapids Furniture Co., on account, $500. (Enter in journal and in cash book.)

Sold sundry items for cash, as per cash drawer, $46.50.

JAN. 9.—Sold Wm. M. Rand, on account, 2 oak bedroom sets at $45; 1 cherry bedroom set, $35; 2 hair mattresses at $30; 1 cotton mattress, $6. Received cash on account, $100. (See third transaction under Jan. 6.)

JAN. 10.—Bought of E. F. Higgins & Co., Michigan City, Ind., furniture as per invoice, $498.75.

Paid freight on above invoice, $24.93.

JAN. 11.—Paid cash for books and stationery, $7.50, and for a horse and a delivery wagon, $275.

JAN. 12.—Sold Mrs. Edward Leary, on account, 6 ash bedroom sets at $20; 1 extension dining table, $12; 12 cane dining chairs at $1. Received cash to apply on account, $44.

Sold sundry items for cash, as per cash drawer, $28.75.

JAN. 13.—Received of T. W. Parsons cash in full of account, $25. (Journal and cash book.)

Sold Edward Strang, on account, 1 cotton velour covered couch, $18; 1 Morris chair, $12.50; 4 library chairs at $6.50; 1 library table, $30.

Paid for clerk hire, two weeks' salary, $30.

Balance your cash book, and bring down the amount, as on Jan. 6th.

JAN. 15.—Received of C. H. Stratton his note at 60 days, to pay invoice of the 8th inst. (Enter in journal and bill book.)

Paid the balance of E. M. Farmer & Co's invoice of the 5th inst., $300, less 5% of the full invoice for payment in 10 days. Discount, $27.50; cash paid, $272.50. Enter the full amount in the journal; only the net amount in the cash book. Use the following form.

	15					
	E. M. Farmer & Co.,	Dr.				300
	Paid to balance their invoice of Jan. 5th, cash		272	50		
	5% discount on invoice of $550		27	50		

Cash sales of merchandise, as per cash drawer, $48.50.

JAN. 16.—Bought of the Grand Rapids Furniture Co. merchandise invoiced at $1262.75.

Paid freight on above invoice, $63.13.

Sold Thomas W. Parsons, on account, 1 oak bedroom set, $75; 1 parlor set, raw silk, $120; 1 library lounge, $18.

JAN. 17.—Paid for advertising, $12.

Paid for shoeing horse, $1.25.

Sold Richard Vose, on account, 1 parlor set, $110; 1 library table, $20; 4 library chairs at $6; 1 screen, $5.50.

JAN. 17.—Cash sales of merchandise, as per cash drawer, $38.75.

JAN. 18.—Bought of E. M. Farmer & Co., Detroit, net 4 mos., 5% 10 days, furniture invoiced at $490.50.

Paid freight on above invoice, $24.50.

JAN. 19.—Bought of J. D. Lansing & Bros., on account, 90 days, 5% 10 days, furniture invoiced at $633.25.

Paid freight on above invoice, $31.66.

Sold Morris Chaney, on account, 1 plate glass beveled mirror, $22.50; 1 leather library chair, $25; 4 jardiniere stands at $1.25.

Cash sales of merchandise, as per cash drawer, $47.75.

JAN. 20.—Sold H. M. Preston, on account, 1 parlor set, plush, $75; 1 oak bedroom set, $45; 1 pillar extension table, $12; six dining chairs at $1.50.

Bought of Phillips Chair Co., Phillipsburg, Ind., net 4 mos., 5% 10 days, furniture as per invoice, $244.75.

Paid freight on above invoice, $12.24.

Paid for hay and oats, $7.50; clerk hire, $20; postage and express charges, $2.50.

Cash sales of merchandise, as per cash drawer, $69.87.

Sold Hunter & Allison, on account, 50 cane seated chairs at $1; 50 school desks, individual lock, at $3.75; 1 teacher's desk, $12.50.

Balance your cash, as on Jan. 6th and 13th.

JAN. 22.—Received of E. M. Wardner, to balance account of Jan. 4th, cash, $30, and his note at 30 days, with interest, $100. (Enter note in bill book.)

Received of Mrs. E. Leary, $15, to apply on account.

Cash sales of merchandise, as per cash drawer, $62.

Received of Edward Strang $50, to apply on account.

Sold Emma Sheridan 1 parlor set, silk brocatel, $75; 2 card tables at $2.50, 2 mirrors at $3.

JAN. 23.—Hunter & Allison returned 10 cane seated chairs at $1.

Bought of E. F. Higgins & Co. furniture as per invoice, $235.75.

Paid freight on above invoice, $11.75.

JAN. 24.—Accepted E. F. Higgins & Co's draft at 30 days for amount of invoice of Jan. 10th, $498.75. (Journal and bill book.)

Sold C. H. Stratton & Co., on account, 5 oak bedroom sets at $35; 1 carved sideboard, $80; 6 card tables at $3.

JAN. 25.—Had C. H. Stratton's note of Jan. 15th discounted at the bank and received cash for the proceeds. Face of note, $385; discount, 50 days. (Enter the net proceeds in cash book and mark the note paid in bill book.)

Sold E. M. Wardner, on account, 1 library desk, $60; 1 revolving book case, $22.50; 1 revolving chair, $8.

Bought of the Phillips Chair Co. merchandise as per invoice, $192.85.

Paid freight on above invoice, $9.65.

JAN. 26.—Paid Lansing & Bros. for invoice of the 19th, less 5%. (Journal and cash book.)

Cash sales of merchandise, as per cash drawer, $84.60.

JAN. 27.—Received of Hunter & Allison, to balance account of the 20th, cash, $40, and their note at 4 mos., with interest.

Sold Edward Strang, on account, 6 dining chairs at $2.50; 1 pillar extension table, $18; 1 writing table, $6.50. Received on account, $50.

Balance your cash book.

JAN. 29.—Sold Richard Vose, on account, 1 Morris chair, leather, $20; 1 rattan rocker, $7.50. Received $50, to apply on account.

Returned to the Phillips Chair Co. 24 cane seated chairs at $1; 6 rockers at $2. These goods were not as ordered.

Cash sales of merchandise, as per cash drawer, $91.40.

JAN. 30.—Paid Phillips Chair Co. for invoice of Jan. 20th, less 5%, $232.51. (Journal and cash book.)

Bought of Lansing & Bros., 4 mos., 5% 10 days, merchandise as per invoice, $498.70, freight prepaid.

Received of H. M. Preston, on account, $75.

Sold Morris Chaney, on account, 1 office desk, roll top, $40; 1 office chair, $6.50.

JAN. 31.—Paid clerk hire to date, $30.

Cash sales, as per cash drawer, $62.87.

Sold Mrs. E. Leary 1 parlor set, $55; 1 beveled mirror, $6.50. Received cash to apply on account, $25.

After entering the preceding transactions in your journal and cash book, balance your cash book, and hand it with the journal to your teacher for inspection before posting. After your journal and cash book have been approved, post from the journal to your ledger. Since there is no equality of debits and credits in the journal, of course no trial balance can be taken.

Your inventory shows merchandise on hand, valued at $5040.75; horse and delivery wagon, valued at $275; office furniture, fixtures and books, valued at $275; 11 months' unexpired premium on insurance policy, valued at $27.50.

Find from your ledger the amounts due from personal accounts; from your bill book, the value of notes on hand, also the notes outstanding. From your ledger find the balances due from you to other firms, and using the model on page 264, prepare a statement of resources and liabilities. Your present worth should be $3799.32. Compare this with your investment, and find your gain or loss for the month's work.

LEGAL FORMS.

PARTNERSHIP AGREEMENT.

ARTICLES OF AGREEMENT, made the first day of July, 190–, between Emerson W. Benton and Chas. M. Pelton, both of the city and county of Worcester, and state of Massachusetts, witnesseth as follows:

First. The parties above named have agreed to become copartners together, and by these presents do agree to become partners under the firm name of E. W. Benton & Co., for the purpose of carrying on a commission, shipping and general merchandising business, in the said city of Worcester and state of Massachusetts, from the date of this agreement until such time as the partnership may be legally dissolved.

Second. The said Emerson W. Benton, of the first part, shall contribute the resources of his late business located at #242 South St., as shown by bill of sale executed under even date, less his liabilities, which are to be assumed by the new firm and paid as they become due, making a net investment of Seven Thousand Four Hundred Dollars ($7400). The said Chas. M. Pelton, of the second part, shall contribute cash, $4000, and a shipment of merchandise now in the hands of Geo. M. Howe & Co., of Boston, Mass., invoiced at $2685.75, making a total investment of Six Thousand Six Hundred Eighty-five Dollars and Seventy-five Cents ($6685.75.)

Third. During the continuance of this agreement, the said Emerson W. Benton and the said Chas. M. Pelton shall each give his entire time to the business in which they, by this agreement, become partners.

Fourth. Each partner shall receive interest upon his net investment at the rate of six per cent., the said interest to be deducted from the profits of the business.

Fifth. The gains and losses of the business shall be divided equally between the partners, E. W. Benton and C. M. Pelton.

Sixth. The said E. W. Benton shall attend to the buying and selling of goods and the general management of the store, while the said C. M. Pelton shall have full charge of the books, and shall sign all checks and other negotiable paper of the firm.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals in duplicate the day and year first above written.

EMERSON W. BENTON.
CHARLES M. PELTON.

Signed, sealed and delivered in the presence of }
G. E. FRENCH.

DISSOLUTION OF PARTNERSHIP.

In case of a dissolution of partnership, it is customary to send a notice of such dissolution, with the conditions attending it, to each person with whom the firm has had dealings, and also to publish this notice in the newspapers of the city or town in which the firm has conducted its business.

In case of special agreement between the partners regarding the indebtedness of any person, such as occurs in regard to the shipment to T. W. Bowen & Co. at the close of June, the party interested should receive a special notice of such agreement signed by both partners.

NOTICE OF DISSOLUTION OF PARTNERSHIP.

You are hereby notified that the copartnership heretofore existing between H. F. Adams and E. C. Mills under the firm name of H. F. Adams & Co., at Albany, N. Y., is this day dissolved. Accounts due the firm are to be paid to H. F. Adams, and all claims against the firm should be presented to him for payment when due.

Dated Albany, N. Y., June 30, 190–.

H. F. ADAMS.
E. C. MILLS.

BILL OF SALE.

KNOW ALL MEN BY THESE PRESENTS, that I, E. H. Reed, of the city of Worcester, county of Worcester, and state of Massachusetts, of the first part, in consideration of the sum of $6955 to me in hand paid by E. H. Reed & Co., of the county and state aforesaid, parties of the second part, the receipt of which is hereby acknowledged, have bargained and sold, and by these presents do grant and convey unto the said parties of the second part all of the resources of my late business conducted at #312 South St., as follows: real estate, valued at $9500; merchandise, as per schedule, valued at $916.55; horses and wagon, valued at $325; furniture and fixtures, valued at $250; also the following balances of accounts due, as per ledger: Theodore Crosby & Co., $129.33; A. W. Noone & Co., $528.44; Public Market Co., $244.60; Geo. H. Tucker & Co., $204.13; City Hotel Co., $250.45; a total of $12348.50; on condition that the said firm of E. H. Reed & Co. shall assume the liabilities of the late business of E. H. Reed, as follows: note in favor of Fischer Flour Co., $845.27, dated June 16th at 30 days, and the following balances of accounts, as per ledger; Russell & Birkett, $426.45; Curtice, Olney & Co., $1326.40; Lutz Bros., $714.50; Gillette & Hennigan, $541.20; a total of $3853.82.

TO HAVE AND TO HOLD the same unto the said parties of the second part and their legal representatives forever.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 16th day of July, in the year of our Lord one thousand nine hundred and ———.

E. H. REED.

ARTICLES OF COPARTNERSHIP.

ARTICLES OF COPARTNERSHIP, made this first day of August, 190–, between Mason L. Decker and Thomas J. Sullivan, of the firm of Decker & Sullivan, of the first part, and Wm. B. Jennings, of the second part, all of the city of Rochester, county of Monroe, and state of New York, witnesseth as follows:

The parties hereunto, having mutual confidence in each other, do this day form with each other a copartnership, under the firm name of Decker, Sullivan & Co., for the purpose of conducting a wholesale dry goods business at #242 E. Main St., Rochester, N. Y., under the following terms and conditions, to commence at the date above mentioned and to continue for five years, or until dissolved by mutual agreement.

First. The said parties of the first part shall contribute the resources of their late business, located at #242 E. Main St., as per bill of sale executed under even date herewith, less the liabilities, which are to be paid by the new firm, making a net investment of Forty Thousand Six Hundred Sixty-one Dollars and Ninety-four Cents ($40661.94),

each partner's share of said investment being shown by his account in the ledger of Decker & Sullivan. The said party of the second part shall invest Twenty-five Hundred Dollars ($2500) cash.

Second. At all times during the continuance of their copartnership each partner shall give his full time, and use his best endeavors, and to the utmost of his power exert himself for the joint interest, profit, benefit, and advantage of the copartnership.

Third. Mason L. Decker shall receive a salary of One Hundred Fifty Dollars ($150) per month, Thomas J. Sullivan shall receive a salary of One Hundred Twenty-five Dollars ($125) per month, and Wm. B. Jennings shall receive a salary of One Hundred Seventy-five Dollars ($175) per month. These salaries may be drawn from the funds of the business on the first day of each month.

Fourth. At the close of each year, or at such date as the books may be closed, each partner shall be charged with interest at six per cent. on such sums as he may have withdrawn from the business for his personal use from the date such sums were drawn until the date of the closing of the books, and each partner shall receive six per cent. interest on his investment for the same period of time.

It is agreed between the parties aforesaid that no member of the firm shall draw to exceed Two Hundred Fifty Dollars ($250) per month for his personal use.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals in duplicate the day and year first above written.

MASON L. DECKER.
THOMAS J. SULLIVAN.
WM. B. JENNINGS.

Signed, sealed and delivered in the presence of

CHAS. J. FOSTER.

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Margaret B. Hough.